



CHANGING WHAT'S POSSIBLE

Comprehensive Annual Financial Report

FOR THE YEAR ENDED JUNE 30, 2019

The Medical University of South Carolina
Charleston, South Carolina

A component unit of the State of South Carolina



This Comprehensive Annual Financial Report is also available from the
The Medical University of South Carolina website:

<https://web.musc.edu/about/leadership/institutional-offices/finance/financial-information>

Adobe Acrobat reader is required to read the pdf file.

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Cover: Photos by MUSC Communications and Marketing



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Charleston, South Carolina

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For the Year Ended June 30, 2019

Prepared by the Controller's Office

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Introductory Section

PRESIDENT'S LETTER

Office of the President
Colcock Hall
179 Ashley Ave.
MSC 001
Charleston, SC 29425

October 14, 2019



Dear Friends:

It is a pleasure to present you with this summary financial report for the past fiscal year at the Medical University of South Carolina. Each year, MUSC serves millions of individuals, families, businesses and communities with one overarching vision, leading health innovation for the lives we touch. To this end, we will continue to lead the way, nationally and globally. When it comes to our five strategic goals for achieving our vision, there have been many noteworthy accomplishments this past year, as follows:

Patients and Families First

Access and availability are key elements of serving our community. A primary component of our clinical strategic plan is to build a health system that has the scale and scope to assure best local care and leverage our role as a tertiary health care system. In support of this plan, we have successfully negotiated and closed on the purchase of four regional hospitals from Community Health Systems (Carolinas, Marion, Lancaster and Chester hospitals) with their associated ancillary facilities. In addition, in April 2019, we successfully opened the pediatric R. Keith Summey Medical Pavilion in North Charleston, as well as a multispecialty clinic on Daniel Island.

Equally exciting is the pending completion of the MUSC Shawn Jenkins Children's Hospital and Pearl Tourville Women's Pavilion, which remains on schedule to open in October of 2019. The state-of-the-art building will seamlessly integrate children's and women's care, transforming how services are delivered to patients and their families.

Build Healthy Communities

Telemedicine is a transformational tool in terms of future health care delivery. With significant sustained support this past fiscal year from the South Carolina Legislature, MUSC remains a national leader in telehealth and continues to grow the South Carolina Telehealth Alliance. Through this network, we are expanding our impact to communities across the state, both in treating and preventing illness. Of specific note, we now have 31 tele-stroke sites and have added Roper St. Francis as a TeleICU partner.

In addition, MUSC has continued to demonstrate its commitment to the health and wellbeing of South Carolina citizens. Over the past two years, we have pioneered a new initiative entitled "Health Innovations," which is focused on having sustainable impact on health in South Carolina. This effort has been supported by funding from the state legislature, which yielded a collaborative project with Clemson University called Healthy Me-Healthy SC. Recently piloted in three S.C. counties, the effort addresses infant mortality, childhood obesity, cancer and heart disease prevention, and pain management in specific high-need areas.

Innovative Learning

As an institution of higher education, as well as an academic medical center, innovative learning is critical to our mission. We continue to lead our peer institutions in teaching students applied interprofessional teamwork skills, an important ability for healthcare practitioners in the 21st century. For the second year, MUSC hosted the Conference on Innovations in Teaching and Learning in Higher Education, where more than 50 universities participated in networking, the sharing of best practices and cross-connecting among a variety of fields and professions.

In addition, due to the much appreciated support from our state legislature with recurring state educational funds, MUSC will have the ability to forgo tuition increases across all six colleges for this coming academic year.

Diversity and Inclusion

We continue to make substantial progress across all domains as far as MUSC's commitment to lead the way forward with diversity and inclusion. For the second consecutive year, MUSC was recognized by Forbes magazine as a Diversity Employer of Choice. Forbes placed MUSC in the top 20 employers in the nation and 2nd among Academic Medical Centers. Recognition by Forbes and others reflects MUSC's accomplishments in inclusive purchasing practices, appropriate representation of under-represented minority employees and students at our institution. We are very proud of our strides in this area, and plan to continue to move the needle of integrating this important mindset into all of our missions.

Scientific Discoveries

MUSC is building a culture of innovation by investing in partnerships that transform the future for research and patient care delivery. In September 2018, MUSC launched a globally unique partnership with Siemens Healthineers with the goal to change the fundamental delivery of health care with priority on value-based care approaches. Four projects spanning radiology, children's and women's, and neurosciences were approved by a joint oversight committee and are now in implementation phases. Additionally, MUSC launched a new collaboration with Medtronic, one of the largest medical technology companies in the world. The five-year agreement enables MUSC and Medtronic to jointly define and create programs to improve health care experience and change the way health care positively impacts patient care outcomes. In addition, a joint collaboration agreement between MUSC and Clemson University was completed to yield collaboration on a number of projects related to biomedical research, bioengineering, advanced data analytics and artificial intelligence.

Imperative to its research mission, MUSC has continued to maintain its position as a top 20 percent health sciences center in the country in National Institutes of Health (NIH) funding, with record levels of total extramural funding this past fiscal year. Furthermore, the Hollings Cancer Center had a successful review and renewal of its NCI Designation, with our highest overall scores to date. In this domain, we have increased by 50 percent the number of cancer patients participating in cutting-edge research.

MUSC's strength has always been found in the quality and commitment of its faculty, staff and students. We continue to embrace a culture of compassion, respect, innovation, collaboration, and integrity; it is those institutional values that keep us focused on reaching our goals and creating new ones to achieve our vision. We face the future with great pride in our accomplishments and look forward to even greater challenges that test our potential.

Yours in service,



David J. Cole, MD, FACS
President

TRANSMITTAL LETTER

Office of the Executive Vice President
Finance and Operations
104 Colcock Hall
179 Ashley Avenue
MSC 003
Charleston, SC 29425

October 14, 2019

President David J. Cole, MD, FACS
Members of the Board of Trustees
Charleston, South Carolina

We are pleased to present the Comprehensive Annual Financial Report for The Medical University of South Carolina (the University) for the fiscal year ended June 30, 2019.

The Comprehensive Annual Financial Report includes the audited financial statements for the year ended June 30, 2019, and other information relating to the finances of the University. The financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants; however, responsibility for the accuracy of the information and for the completeness and reliability of its presentation rests with the management of the University. We believe this information is accurate and all material respects and fairly presents the University's financial position.

Management has established a comprehensive internal control framework designed to safeguard the assets of the University and its component units, to provide reliable accounting data and to ensure that organizational objectives are met. Policies and procedures have been established and made available throughout the organization to promote efficiency and compliance with established laws and regulations at University, State and federal levels. As a recipient of federal financial awards, the University is responsible for ensuring compliance with all applicable laws and regulations related to these awards. Therefore, an annual single audit is performed in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. The University has designed into the process safeguards to reduce, though not eliminate, this risk.

Generally accepted accounting principles (GAAP) require that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which provides an overview and analysis of currently known facts and activities.

Profile of the University

The Medical University of South Carolina (the University) is a part of the primary government of the state of South Carolina and is included as a discretely presented component unit in the State's Comprehensive Annual Financial Report.

The University, located in Charleston, South Carolina, was created by an act of the General Assembly in 1824 as the "Medical College of South Carolina." Historically, it is recognized as the first medical college in the South. The University is governed by a sixteen-member Board of Trustees consisting of the Governor or his designee (ex officio), fourteen members elected by the General Assembly, and two members appointed by the Governor. As determined by the Board, the University's purpose is to preserve and optimize human life for the citizens of South Carolina and the nation through education of health care professionals and biomedical scientists, research in the health sciences, and provision of comprehensive health care. The financial reporting entity consists of the University (the primary government), and eight separate legal entities, which are considered component units of the University. The eight component units consist of:

- One blended major fund entity, the University Medical Associates of the Medical University of South Carolina (UMA);
- Two blended non-major fund entities, CHS Development Company (CHS) and the Medical University Facilities Corporation (MUFC);
- One major discretely presented entity, the Medical University Hospital Authority (the Authority), and
- Four non-major discretely presented entities, the MUSC Foundation (MUSCF), the MUSC Foundation for Research Development (MFRD), MUSC Strategic Ventures (MSV), and MUSC Strategic Ventures Health, Inc. (MHI).

Further information on the reporting entity is contained in Note 1 in the notes to the financial statements.

The South Carolina Department of Administration requires the University to submit an annual balanced budget. The University and its component units also prepare annual budgets for presentation to the Board of Trustees. Budgetary controls are incorporated into both the University's accounting system and the State's financial management system. Periodic financial reports comparing actual results with

budgeted amounts are provided at both the University and the State level.

The University contracted with KPMG LLP, a firm of licensed certified public accountants, to perform the annual audit of the Medical University of South Carolina's financial statements and the audit of the University's federal financial assistance programs. The goal of the independent financial audit is to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2019 are free of material misstatement. Based on the audit, the independent auditor has rendered an unmodified opinion that the Medical University of South Carolina's financial statements for the year ended June 30, 2019 are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report. Information on the Single Audit of federal financial assistance programs is included in a separately issued Single Audit Report.

Additionally, the University's Internal Audit department performs fiscal, compliance and performance audits throughout the year. The reports resulting from these audits are shared with the University's management and the Board of Trustees.

Factors Affecting Financial Condition

The University employs approximately 5,400 faculty and staff and, when combined with the Medical University Hospital Authority and University Medical Associates, the university system, with more than 17,000 employees, is one of the largest employers in the State system and a major employer in the Charleston Tri-County area. The size of the University's student body is relatively stable, with fiscal year 2019 enrollment of more than 3,000 full and part-time students in six colleges and more than 700 graduate health professional residents.

Local Economy

Economic factors on both the national and state levels impact the environment in which the University operates. State tax and revenue collections continue to rebound from the lows reached in 2010. South Carolina's unemployment rate at the end of June was 3.5 percent, which was .2 percent below the national average of 3.7 percent. A study conducted by the Charleston Metro Chamber of Commerce's Center for Business Research found that MUSC has an economic impact of \$3.8 billion in the Charleston metropolitan area and supports nearly 28,000 jobs.

South Carolina's economic conditions improved during fiscal year 2019. The State's actual revenues increased by 8.6% over prior year revenues. The total General Fund revenue collections in fiscal year 2019 were \$8.8 billion. The State completed the fiscal year with a \$350 million budgetary General Fund surplus. Despite improved economic conditions, the State has continuing challenges with funding retirement benefit obligations to public employees.

Long-term Financial Planning

As the global economy began to strengthen in the past year, MUSC took proactive steps to allocate funds conservatively and reduce spending. Below are just a few highlights from the University's fiscal year 2019 operating budget:

- The University received \$98 million in student tuition and fees.
- The University's extramural research funding awarded was just over \$284 million.
- The University ended the fiscal year with a total of \$49 million in new gifts and pledges.

The University successfully transitioned to a new funding model (Responsibility Centered Management) in fiscal year 2013 to promote transparency and to provide a structure for an integrated and longer-term planning process. As we look to the future, MUSC will work together to collectively refine the missions - education, research, and clinical care - and the many issues, challenges, and opportunities that fall within each of these areas. For education, MUSC will determine how to provide the highest quality of education to the students, while keeping tuition as low as possible. For the research mission, MUSC plans to foster partnerships outside of academia and has invested in the Foundation for Research Development and the Center of Innovation and Entrepreneurship. MUSC will continue to recruit SmartState chairs and grow its research profile and national ranking, despite the competitive research funding environment. With respect to the clinical mission, MUHA received \$45 million in State support for disproportionate share, telemedicine, statewide health innovations, a burn unit, and a statewide teaching partnership. MUSC will continue to provide the very highest quality of patient care in the midst of health care reform and reductions in Medicaid reimbursements.

Major Initiatives

The University's pursuit of excellence in education, research, and patient care has played an integral part in the many achievements of its faculty and staff. The University recognizes its obligations to the citizens of South Carolina and is committed to responding to their need for the highest quality education, improved health care delivery, and increased research endeavors. To address these needs, the University is focused on the integration of its education, research, and clinical care activities to prepare a healthcare workforce with emphasis on inter-professional education and teamwork.

The University continues to recruit outstanding faculty and to expand its educational and research facilities. Drawing on the varied skills, abilities and knowledge in an integrated team approach across all education, research and clinical care activities has resulted in outstanding achievements. Our strategic plan, *Imagine MUSC 2020*, specifies goals that allow MUSC as both an academic institution and a healthcare

organization to achieve its vision of leading health innovation for the lives we touch. The five goals capture our tripartite mission of education, research, and clinical care. There have been many noteworthy accomplishments this past year as follows:

Patients and Families First

- MUSC Health successfully negotiated and closed on the purchase of four regional hospitals from the Community Health Systems (Carolinas, Marion, Lancaster, Chester hospitals) with their associated ancillary facilities.
- MUSC Health successfully opened the pediatric R. Keith Summey Medical Pavilion in North Charleston and opened a multispecialty clinic on Daniel Island.

Innovative Education and Learning

- MUSC continues to lead our peer institutions in teaching students applied interprofessional teamwork skills, a critically important ability for healthcare practitioners in the 21st century.
- MUSC was awarded the 2019 ***International Blackboard Catalyst Award for Inclusive Education***, which recognized that the University's teaching, learning, and technology are inclusive and supportive of learners with different challenges.

Diversity and Inclusion

- For the second consecutive year, MUSC was recognized by Forbes magazine as a ***Diversity Employer of Choice***.
- Forbes ranked MUSC in the top 20 employers in the nation and 2nd amongst Academic Medical Centers.

Healthy Communities

- MUSC pioneered a new initiative entitled "Health Innovations" which is focused on having sustainable impact on health in South Carolina. This effort yielded a collaborative effort with Clemson University called "**Healthy Me-Healthy SC**" which addresses infant mortality, childhood obesity, cancer and heart disease prevention, and pain management in specific high-need counties in South Carolina.
- MUSC is considered a national leader in telehealth and has established and continues to grow the South Carolina Telehealth Alliance. As a result of this, there are now 31 tele-stroke sites and Roper St. Francis is a TeleICU partner.

Scientific Discoveries

- MUSC launched a globally unique partnership with Siemens Healthineers with a stated goal of fundamentally changing the delivery of health care with a value-based focus. Four projects spanning radiology, children's and women's, and neurosciences were approved by the joint oversight committee.
- MUSC continued to maintain its position as a top 20 percent health sciences center in the country in National Institutes of Health (NIH) funding, with record levels of total extramural funding this past year.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Medical University of South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the twenty-sixth consecutive year that the University has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

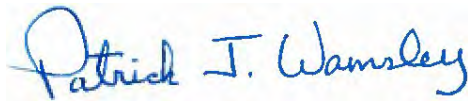
Acknowledgements

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the coordinated efforts of the Controller's Office and other University financial staff. We would like to thank each member for their contributions.


Sincerely,



Lisa P. Montgomery, MHA
Executive Vice President for Finance and Operations



Patrick J. Wamsley, CPA
Chief Financial Officer



Susan F. Edwards, CPA
Controller



Sharon S. Williams, CPA, MSA, CGMA
Director, Financial Reporting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**The Medical University
of South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

BOARD OF TRUSTEES AND PRINCIPAL UNIVERSITY OFFICIALS

July 1, 2018 – June 30, 2019

Board of Trustees

The Honorable Henry McMaster <i>Governor</i>	Charles W. Schulze, CFE, CPA <i>Chairman Greenwood, SC</i>	James Lemon, D.M.D. <i>Vice Chairman Columbia, SC</i>
Terri R. Barnes, BS <i>Rock Hill, SC</i>	James A. Battle, Jr., MBA <i>Nichols, SC</i>	William H. Bingham, Sr., PE <i>Cayce-West Columbia, SC</i>
W. Melvin Brown III, M.D. <i>Charleston, SC</i>	Henry F. Butehorn III, M.D. <i>Spartanburg, SC</i>	C. Guy Castles III, M.D. (a) <i>Greenville, SC</i>
Richard M. Christian, Jr., M.D. <i>Greenwood, SC</i>	Paul T. Davis, D.M.D. <i>Florence, SC</i>	Donald R. Johnson II, M.D. <i>Charleston, SC</i>
Barbara Johnson-Williams, MEd, EdS. <i>Orangeburg, SC</i>	G. Murrell Smith, Sr., M.D. <i>Sumter, SC</i>	Michael E. Stavrinakis, BS <i>Charleston, SC</i>
Thomas L. Stephenson, JD <i>Greenville, SC</i>	Bart Witherspoon, M.D. (b) <i>Columbia, SC</i>	

(a) Governor's designee
(b) Governor's at-large appointee

Emerita/Emeritus & Secretary

Margaret M. Addison, MEd <i>Emerita Holly Hill, SC</i>	Stanley C. Baker, Jr., M.D. <i>Emeritus Greenwood, SC</i>	Thomas C. Rowland, Jr., M.D. <i>Emeritus Georgetown, SC</i>
Allan E. Stalvey, MBA <i>Emeritus Columbia, SC</i>	Charles B. Thomas, Jr., M.D. <i>Emeritus Awendaw, SC</i>	James E. Wiseman, D.M.D. <i>Emeritus Columbia, SC</i>
Mark C. Sweatman, MPA <i>Secretary to the Board of Trustees Columbia, SC</i>		

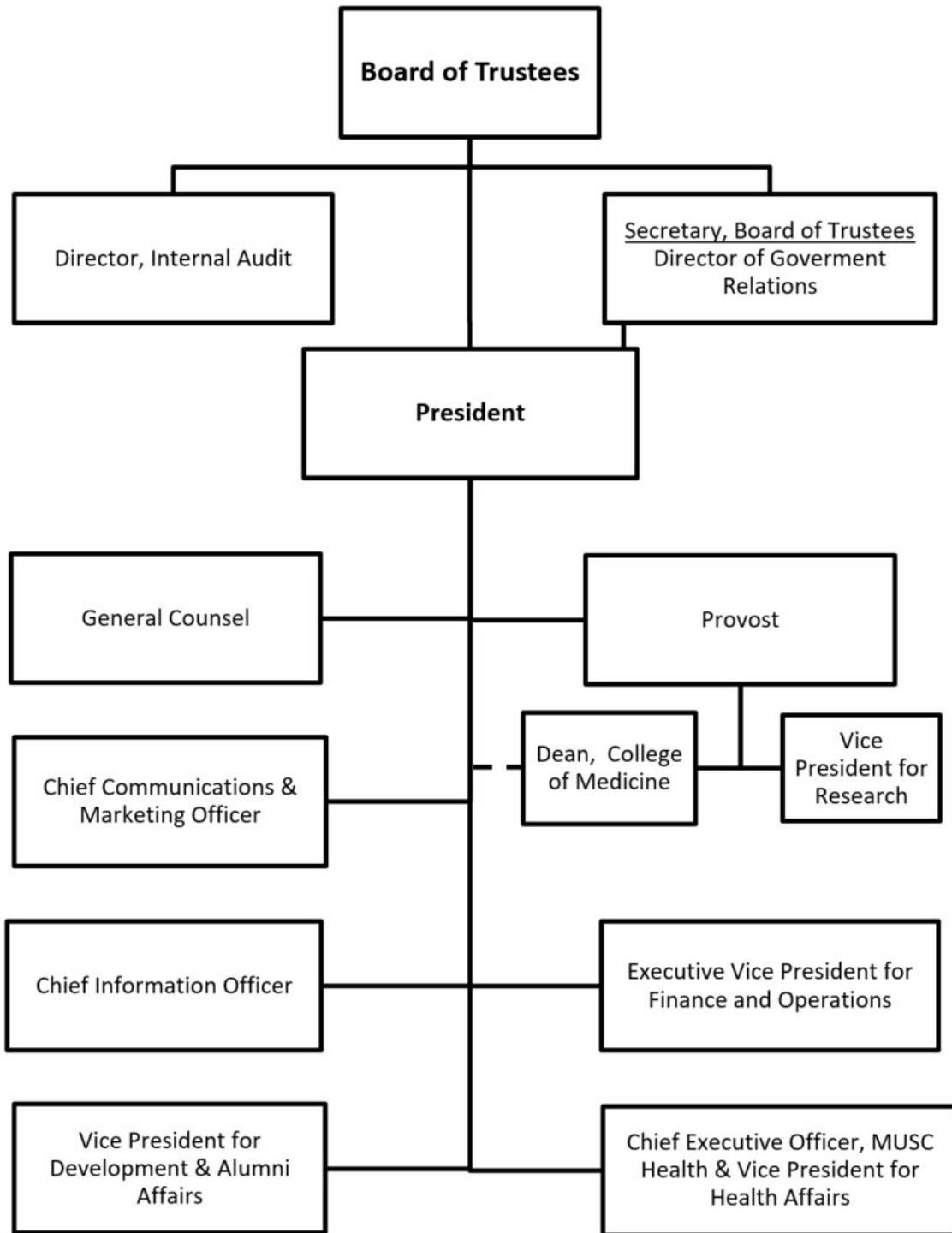
Officers of the Medical University of South Carolina

David J. Cole, M.D., FACS <i>President</i>	Lisa K. Saladin, PT, Ph.D. <i>Executive Vice President for Academic Affairs and Provost</i>	Patrick J. Cawley, M.D., MHM, FACHE <i>CEO, MUSC Health and Vice President for Health Affairs, University</i>
Lisa P. Montgomery, MHA <i>Executive Vice President for Finance and Operations</i>	Annette Drachman, MHA, JD <i>General Counsel</i>	Linda Cox, BS <i>Vice President for Development and Alumni Affairs (Interim)</i>
Michael Caputo, MS <i>Chief Information Officer</i>	Sheila Champlin, MA <i>Chief Communications & Marketing Officer</i>	Kathleen Brady, M.D., Ph.D. <i>Vice President for Research</i>

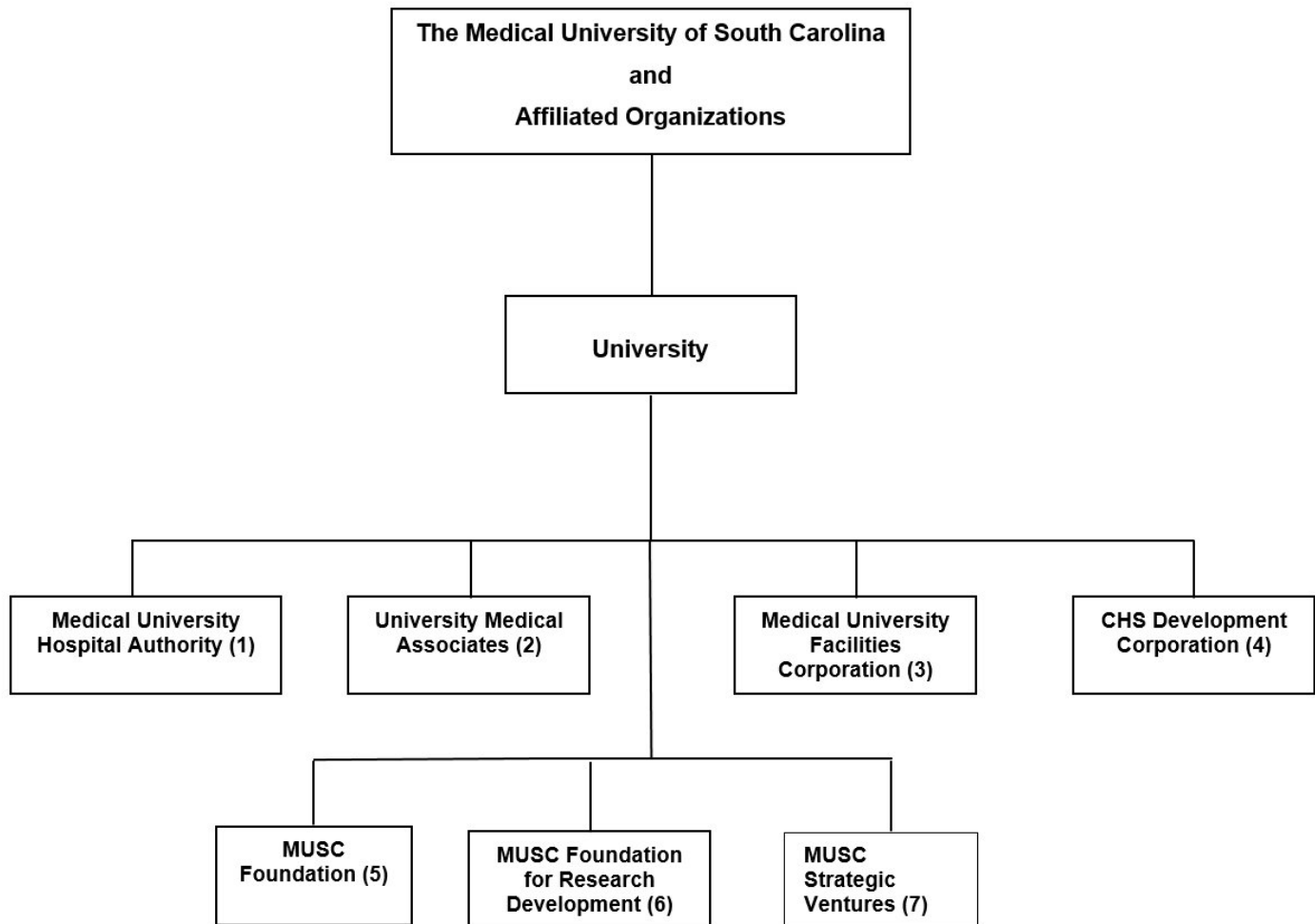
Deans

Raymond Dubois, M.D., Ph.D. <i>College of Medicine</i>	Philip D. Hall, Pharm. D <i>College of Pharmacy</i>	Sarandeep S. Huja, D.D.S., Ph. D <i>College of Dental Medicine</i>
Zoher Kapasi, PT, Pd.D., MBA <i>College of Health Professions</i>	Paula Traktman, Ph.D. <i>College of Graduate Studies</i>	Linda S. Weglicki, Ph.D., RN <i>College of Nursing</i>

ORGANIZATION CHART



THE MEDICAL UNIVERSITY AND AFFILIATED ORGANIZATIONS



Notes:

1. The Medical University Hospital Authority (MUHA) was formed in June, 2000 to manage and operate the hospitals and clinics of the University.
2. University Medical Associates (UMA) is a non-profit corporation established to promote and support the educational, medical, scientific, and research purposes of the University.
3. Medical University Facilities Corporation (MUFC) is a non-profit corporation established in fiscal year 1992 to obtain financing for the University to acquire real property.
4. CHS Development Corporation (CHS) is a non-profit corporation established in fiscal year 2003 to obtain financing for the University to acquire and develop real property.
5. The MUSC Foundation (MUSCF) is a non-profit corporation established in 1966 as an educational, charitable, eleemosynary foundation.
6. The MUSC Foundation for Research Development (MFRD) is a non-profit corporation established in 1995 to manage the University's intellectual property and technology marketing and to foster cooperation between the University and business and industry.
7. MUSC Strategic Ventures (MSV) was formed in September 2015 to allow affiliation with tax exempt entities to support the missions and programs of The Medical University of South Carolina, UMA and MUHA.

Financial Section



KPMG LLP
Suite 400
300 North Greene Street
Greensboro, NC 27401

Independent Auditors' Report

The Board of Trustees
Medical University of South Carolina
Charleston, South Carolina:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the major fund, the aggregate remaining fund information, and the aggregate discretely presented component units of the Medical University of South Carolina (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, which collectively represent 23% of total assets and deferred outflows and 3% of total revenue of the University's aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the business-type activities, the major fund, the aggregate remaining fund information, and the aggregate discretely presented component units of the Medical University of South Carolina, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of the University's & Authority's proportionate share of the net pension liability to the South Carolina Public Employee Benefit Authority (PEBA), schedule of the University's & Authority's contributions to PEBA, schedule of the University's & Authority's proportionate share of the net OPEB liability to PEBA, and schedule of changes in UMA's net OPEB liability and related ratios on pages 21 through 30 and 93 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The combining nonmajor enterprise fund financial statements and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor enterprise fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor enterprise fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.



The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

October 14, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information (unaudited)

Introduction

The management of The Medical University of South Carolina offers readers of the financial statements this narrative overview and analysis of the financial position and activities of The Medical University of South Carolina for the fiscal year ended June 30, 2019 with selected comparative information for the year ended June 30, 2018. Management's discussion and analysis (MD&A) will focus on the financial position and operations of the primary institution (the University) and the blended component unit that is reported as a major fund, University Medical Associates (UMA). This discussion should be read in conjunction with our letter of transmittal in the introductory section of this report and with the accompanying financial statements and notes.

Financial Highlights

At June 30, 2019, total assets and deferred outflows reported by the University were \$984.7 million and \$106.8 million respectively and total liabilities and deferred inflows were \$1,231.2 million and \$40.3 million respectively. Net position, which represents the residual interest in the University's assets after liabilities are deducted, decreased \$(14.4) million in fiscal year 2019 from \$(165.6) to \$(180.0) million. Of the total net position, \$(676.2) million represents unrestricted net position. The University's operating revenues for the fiscal year 2019 increased \$29.2 million, or 5.2 percent, from fiscal year 2018 to \$588.6 million. Operating expenses increased by \$50.1 million, or 6.5 percent, from fiscal year 2018 to \$821.5 million. Net non-operating revenues for fiscal year 2019 were \$136.6 million, as compared to \$115.1 million for fiscal year 2018.

At June 30, 2019, UMA reported total assets and deferred outflows of \$435.7 million and \$10.8 million respectively and total liabilities and deferred inflows of \$141.0 million. Net position was \$305.4 million, an increase of \$33.5 million, or 12.3 percent, from the previous year's net position of \$271.9 million. Of this amount, \$244.6 million represents unrestricted net position which is available to meet UMA's ongoing obligations. UMA's operating revenues for the fiscal year 2019 increased \$56.5 million, or 13.0 percent, from fiscal year 2018 to \$489.5 million. Operating expenses increased by \$51.0 million, or 15.5 percent, over fiscal year 2018 to \$379.6 million. Net non-operating expenses for fiscal year 2019 were \$(0.1) million, as compared to \$(4.7) million net non-operating expenses for fiscal year 2018.

Overview of the Financial Statements

The financial report includes three financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles as prescribed in GASB Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities*. This statement establishes standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on an entity-wide basis to focus on the University as a whole rather than on individual fund groups.

Statement of Net Position

The Statement of Net Position presents the financial position as of the end of the fiscal year and includes all assets, liabilities, deferred outflows, and deferred inflows of the entity. Cash and investments are generally reported at fair values. Capital assets are reported at historical cost less an allowance for depreciation. The difference between total assets and deferred outflows, and total liabilities and deferred inflows (net position) is one indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the current year. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the entity, and how much is owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure.

Net position is classified into components as follows:

- Net investment in capital assets represents the investment in property, plant, and equipment less any related debt used to acquire those assets.
- Restricted nonexpendable net position consist of the University's permanent endowment funds.
- Restricted expendable net position is available for expenditure, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position is available for any lawful purpose of the entity.

Unaudited

Summary of Net Position

Amounts in thousands

	The University		University Medical Associates		Nonmajor Enterprise Funds	
	2019	2018	2019	2018	2019	2018
<u>Assets</u>						
Current assets	\$ 411,169	\$ 363,207	\$ 314,012	\$ 265,437	\$ 3,166	\$ 3,066
Noncurrent assets						
Capital assets, net	410,022	441,982	96,157	93,557	—	—
Other assets	163,462	132,558	25,482	23,062	8,465	10,118
Non-current assets	573,483	574,540	121,639	116,620	8,465	10,118
Total Assets	984,652	937,747	435,651	382,057	11,631	13,184
Deferred outflows	106,789	97,717	10,811	12,658	148	200
Total assets & deferred outflows	1,091,441	1,035,464	446,462	394,715	11,779	13,384
<u>Liabilities</u>						
Current liabilities	130,593	118,924	69,302	49,573	1,738	1,715
Noncurrent liabilities	1,100,635	1,040,615	71,633	73,167	8,840	10,460
Total Liabilities	1,231,228	1,159,539	140,935	122,740	10,578	12,175
Deferred inflows	40,251	41,573	86	75	—	—
Total liabilities & deferred inflows	1,271,479	1,201,112	141,021	122,816	10,578	12,175
<u>Net Position</u>						
Net investment in capital assets	290,961	318,787	60,858	55,298	—	—
Restricted						
Nonexpendable	91,997	91,315	—	—	—	—
Expendable	113,212	99,702	—	—	1,202	1,209
Unrestricted	(676,208)	(675,452)	244,583	216,601	—	—
Total net position	<u>\$ (180,038)</u>	<u>\$ (165,648)</u>	<u>\$ 305,441</u>	<u>\$ 271,899</u>	<u>\$ 1,202</u>	<u>\$ 1,209</u>
	Interfund Capital Lease Eliminations		Total Primary Government			
	2019	2018	2019	2018		
<u>Assets</u>						
Current assets	\$ (1,496)	\$ (1,433)	\$ 726,851	\$ 630,278		
Noncurrent assets						
Capital assets, net	—	—	506,179	535,540		
Other assets	(7,914)	(9,410)	189,495	156,327		
Non-current assets	(7,914)	(9,410)	695,674	691,867		
Total assets	(9,410)	(10,843)	1,422,525	1,322,145		
Deferred outflows	—	—	117,748	110,575		
Total assets & deferred outflows	(9,410)	(10,843)	1,540,273	1,432,720		
<u>Liabilities</u>						
Current liabilities	(1,496)	(1,433)	200,137	168,780		
Noncurrent liabilities	(7,914)	(9,410)	1,173,195	1,114,832		
Total liabilities	(9,410)	(10,843)	1,373,332	1,283,612		
Deferred inflows	—	—	40,337	41,648		
Total liabilities & deferred inflows	(9,410)	(10,843)	1,413,668	1,325,261		
<u>Net Position</u>						
Net investment in capital assets	—	—	351,819	374,086		
Restricted						
Nonexpendable	—	—	91,997	\$ 91,315		
Expendable	—	—	114,413	100,910		
Unrestricted	—	—	(431,625)	(458,851)		
Total net position	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 126,605</u>	<u>\$ 107,459</u>		

The University's total assets & deferred outflows increased \$56.0 million or 5.4 percent. Total liabilities & deferred inflows increased \$70.4 million from fiscal year 2018 to fiscal year 2019, primarily due to an increase in long-term liabilities resulting from the increase in net pension liability in accordance with GASB Statement 68 and net OPEB liability and deferred inflows in accordance with GASB Statement 75.

Unaudited

The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (OPEB)* in fiscal year 2018. These Statements require participating employers to report their proportionate share of the plans' net pension and OPEB liabilities, pension and OPEB expense and deferred outflows and inflows. In fiscal year 2019, excluding the GASB 68 and GASB 75 impact, the University's unrestricted net position increased \$28.2 million for a total of \$165.4 million. In fiscal year 2018, excluding the GASB 68 and GASB 75 impact, the University's unrestricted net position increased \$0.6 million for a total of \$137.2 million.

Following is the University's net position with the GASB 68 and 75 impact reported discretely:

<i>Amounts in thousands</i>	2019	2018
Net investment in capital assets	\$ 290,961	\$ 318,787
Restricted		
Nonexpendable	91,997	91,315
Expendable	113,212	99,701
Unrestricted (excluding GASB 68 & 75 liabilities)	165,424	137,210
Unrestricted (including GASB 68 & 75 liabilities)	(841,632)	(812,661)
Total net position	<u>\$ (180,038)</u>	<u>\$ (165,648)</u>

UMA's total assets & deferred outflows increased \$51.7 million in fiscal year 2019, primarily due to an increase in current assets. Total liabilities & deferred inflows increased \$18.2 million, due to the net of an increase in payables and accrued liabilities and reductions in long-term debt. UMA's unrestricted net position increased \$28.0 million from \$216.6 million at the end of fiscal year 2018 to \$244.6 million at the end of fiscal year 2019.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. Operating revenues are earned by providing goods and services to various customers and constituencies. Operating expenses are incurred to acquire or produce the goods and services and to carry out the mission of the entity. Nonoperating revenues are revenues received for which goods and services are generally not provided. A public university's dependence on state aid and gifts usually results in operating deficits because state appropriations and gifts are classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains and losses received or incurred by the entity.

Unaudited

Summary of Revenues, Expenses and Changes in Net Position

Amounts in thousands

	The University		University Medical Associates		Nonmajor Enterprise Funds	
	2019	2018	2019	2018	2019	2018
Operating revenues	\$ 588,567	\$ 559,379	\$ 489,541	\$ 433,085	\$ 485	\$ 530
Operating expenses	(821,471)	(771,381)	(379,603)	(328,561)	(468)	(510)
Operating income (loss)	(232,904)	(212,002)	109,938	104,524	17	20
Nonoperating revenues	142,953	129,091	8,537	8,028	—	—
Nonoperating expenses	(6,324)	(14,007)	(8,641)	(12,715)	—	—
Net nonoperating revenues (expenses)	136,629	115,084	(103)	(4,686)	—	—
Income (loss) before other revenues, expenses, gains, losses, and transfers	(96,274)	(96,917)	109,834	99,838	17	20
Capital appropriations	3,500	—	—	—	—	—
Capital grants and gifts	1,385	818	—	—	—	—
Additions to permanent endowments	682	337	—	—	—	—
Transfers	76,317	71,249	(76,292)	(71,218)	(24)	(32)
Change in net position	(14,390)	(24,513)	33,542	28,620	(7)	(12)
Net position at beginning of year - restated (Note 2)	(165,648)	(141,136)	271,899	243,279	1,209	1,220
Net position at end of year	\$ (180,038)	\$ (165,648)	\$ 305,441	\$ 271,899	\$ 1,202	\$ 1,209

	Interfund Capital Lease Eliminations		Total Primary Government	
	2019	2018	2019	2018
Operating revenues	\$ (445)	(506)	\$ 1,078,148	\$ 992,489
Operating expenses	—	—	(1,201,541)	(1,100,452)
Operating income (loss)	(445)	(506)	(123,393)	(107,963)
Nonoperating revenues	—	—	151,491	137,120
Nonoperating expenses	445	506	(14,520)	(26,216)
Net nonoperating revenues (expenses)	445	506	136,971	110,903
Income (loss) before other revenues, expenses, gains, losses, and transfers	—	—	13,578	2,940
Capital appropriations	—	—	3,500	—
Capital grants and gifts	—	—	1,385	818
Additions to permanent endowments	—	—	682	337
Transfers	—	—	1	—
Change in net position	—	—	19,145	4,095
Net position at beginning of year - restated (Note 2)	—	—	107,459	103,364
Net position at end of year	\$ —	\$ —	\$ 126,605	\$ 107,459

Revenues

The University's daily operations are funded primarily from grants and contracts, sales and services, and State and capital appropriations. These three sources account for 72 percent of the total fiscal year 2019 revenues of \$813.4 million and 74 percent of the total fiscal year 2018 revenues of \$760.9 million. The following table and chart illustrate the University's revenues by source.

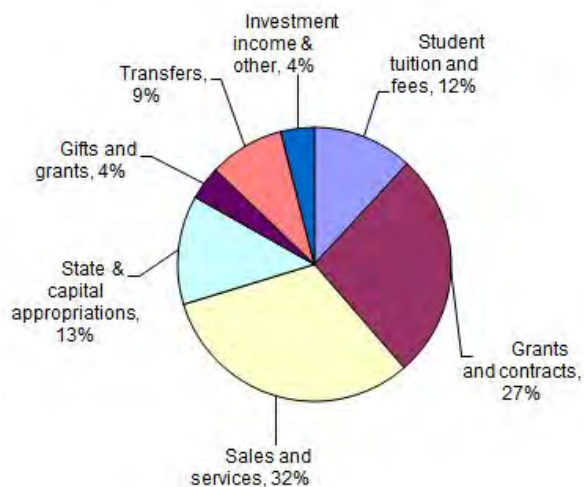
Unaudited

Revenues by Source – The University

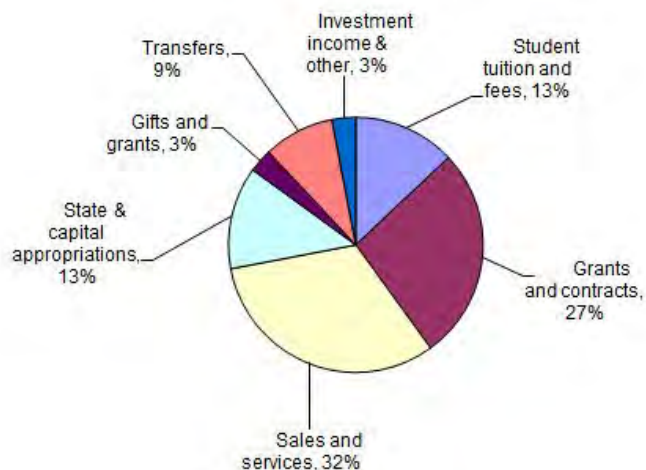
Amounts in thousands

	2019	Percent Of Total	2018	Percent Of Total
Operating revenues				
Student tuition and fees	\$ 97,798	12%	95,937	13%
Grants and contracts	216,303	27%	206,116	27%
Sales and services	260,334	32%	244,446	32%
Other operating revenues	14,133	2%	12,880	2%
Total operating revenues	<u>588,567</u>	<u>72%</u>	<u>559,379</u>	<u>74%</u>
Nonoperating and other revenues				
State & capital appropriations	109,296	13%	99,725	13%
Gifts and grants	29,725	4%	22,660	3%
Investment income	4,231	1%	7,862	1%
Gain on sale of capital assets	5,270	1%	—	—%
Transfers	76,317	9%	71,249	9%
Total nonoperating and other revenues	<u>224,838</u>	<u>28%</u>	<u>201,496</u>	<u>26%</u>
Total revenues	<u><u>\$ 813,405</u></u>	<u><u>100%</u></u>	<u><u>\$ 760,875</u></u>	<u><u>100%</u></u>

2019



2018



In fiscal year 2019, the University's total revenues increased by \$52.5 million from the previous fiscal year. Tuition revenues increased \$1.9 million. Grants and contracts increased \$10.2 million due to the net effect of increases in state and federal grant revenues and an increase in nongovernmental grant revenues. Sales and services revenues increased \$15.9 million primarily due to increases in auxiliary and other services revenue.

State and capital appropriations increased \$9.6 million primarily due to an increase in operating appropriations. State appropriations included \$18.6 million in fiscal year 2019 and fiscal year 2018 which was subsequently paid to the Medical University Hospital Authority as part of the Disproportionate Share Program administered by the South Carolina Department of Health and Human Services.

Unaudited

Gifts and grants increased \$7.1 million primarily due to increases in state grants and gifts. Investment income decreased \$3.6 million primarily due to decreased earnings and realized and unrealized gains from endowments.

Operating Revenue by Source for the Major Blended Component Unit

Amounts in thousands

	University Medical Associates	
	2019	2018
Net clinical service revenue	\$ 464,822	\$ 418,094
Educational agreements	5,856	6,022
Other operating revenue	18,863	8,969
Total operating revenue	\$ 489,541	\$ 433,085

UMA's net clinical service revenue increased \$46.7 million primarily from an increase in patient volume and revenue related to Supplemental Medicaid and the acquisition of regional clinics. Other operating revenue increased \$9.9 million due to an increase in support from MUHA for various clinical initiatives during the fiscal year related to the acquisition of regional clinics.

Expenses

The operating expenses are reported by natural classification (object) in the financial statement and by functional classification in the Notes. The following tables and charts illustrate the University's operating expenses by the two classifications.

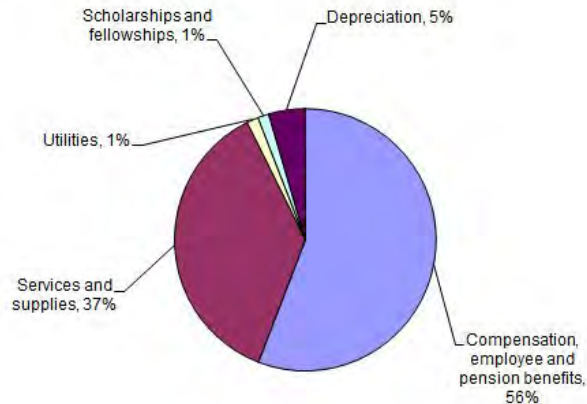
Operating Expenses by Object – The University

Amounts in thousands

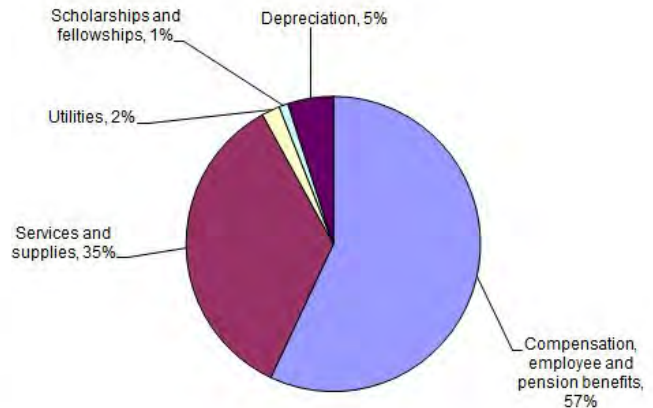
	2019	Percent Of Total	2018	Percent Of Total
Compensation, employee, pension and OPEB benefits	\$ 461,300	56%	440,737	57%
Services and supplies	299,555	37%	267,138	35%
Utilities	11,837	1%	14,465	2%
Scholarships and fellowships	11,393	1%	10,279	1%
Depreciation	37,386	5%	38,762	5%
Total operating expenses	\$ 821,471	100%	771,381	100%

Unaudited

2019



2018



The University's operating expenses were \$821.5 million for the fiscal year ended June 30, 2019, an increase of \$50.1 million from fiscal year 2018. The increase of 6.5 percent resulted primarily from the net impact of increases of \$20.6 million in compensation and employee benefits including pension and OPEB obligations, and an increase of \$1.1 million in scholarships and fellowships and an increase of \$32.4 million in services and supplies.

Nonoperating expenses included in the University's total expenses amounted to \$6.3 million and \$14.0 million in fiscal years 2019 and 2018, respectively. This \$7.7 million decrease was primarily due to a decrease in State appropriations that were passed through to MUHA.

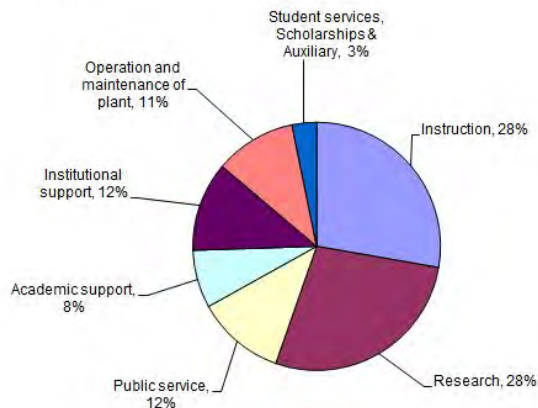
Operating Expenses by Function – The University

Amounts in thousands

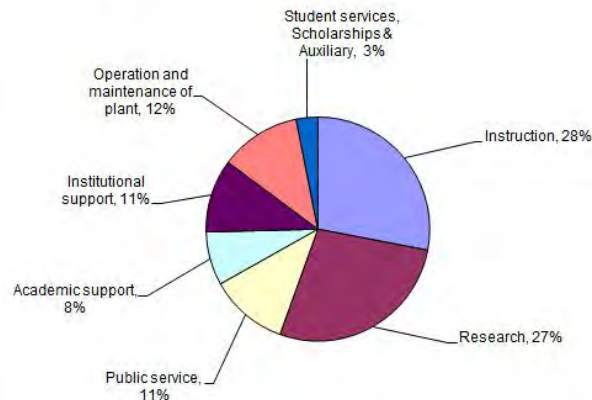
	2019	Percent Of Total	2018	Percent Of Total
Instruction	\$ 227,890	28%	\$ 216,169	28%
Research	226,970	28%	212,074	27%
Public service	95,043	12%	87,581	11%
Academic support	61,407	7%	59,563	8%
Student services	9,756	1%	9,771	1%
Institutional support	95,947	12%	81,589	11%
Operation and maintenance of plant	87,868	11%	90,293	12%
Scholarships and fellowships	3,790	—%	2,736	—%
Auxiliary enterprises	12,799	1%	11,605	2%
Total operating expenses	<u>\$ 821,471</u>	<u>100%</u>	<u>\$ 771,381</u>	<u>100%</u>

Unaudited

2019



2018



UMA's operating expenses increased by \$51.0 million primarily due to an increase in salaries and benefits for new faculty employed during the year. UMA's nonoperating expenses decreased \$4.4 million primarily due to a decrease in nonmandatory contributions to the University and its Foundation in support of their missions.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity during the year. This statement aids in the assessment of the entity's ability to generate future net cash flows and to meet obligations and commitments as they come due. The University's primary sources of operating and noncapital related cash in fiscal 2019 were state appropriations, grants and contracts, sales and services of educational and other activities, and tuition and fees. Primary uses of these cash sources were salaries and benefits for faculty, staff, and student employees, and payments to suppliers of goods and services.

The statement is divided into five sections.

- The University's cash flows from operating activities include cash received for tuition and research grants, salaries paid to employees and payments to vendors. Since State appropriations and gifts are not considered operating revenues, operating activities of the University produced a net cash outflow of \$134.9 million.
- The University's non-capital financing activities, which include State appropriations received for operations and noncapital gifts and transfers, generated a net cash inflow of \$208.7 million.
- The University's capital and related financing activities include the proceeds received from the issuance of long-term debt obligations, capital grants and gifts received, repayment of debt, and acquisition of capital assets. Debt proceeds, capital appropriations, grants and gifts received in the current year were more than offset by capital expenditures and payments on debt, resulting in a net cash inflow of \$16.8 million.
- The University's investing activities consisted of \$6.4 million of earnings on investments, offset by \$0.7 million of endowment corpus deposited with the Medical University of South Carolina Foundation.
- The last section of the statement reconciles the net cash provided or used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Capital Asset and Debt Activities

The following is a summary of capital asset and long-term debt activity for the University and its major blended component unit for fiscal year 2019. More detailed information can be found in Note 5 (Capital Assets), Note 11 (Bonds and Notes Payable) and Note 13 (Lease Obligations) of the Notes to the Financial Statements.

Unaudited

Capital Assets, Net of Depreciation

Amounts in thousands

	The University		University Medical Associates	
	2019	2018	2019	2018
Land	\$ 6,349	\$ 10,588	\$ 26,097	\$ 22,007
Construction in progress	1,639	3,484	634	241
Land improvements	4,323	5,087	—	—
Buildings and improvements	353,001	376,481	63,274	63,973
Machinery and equipment	42,385	44,774	4,241	4,229
Vehicles	2,325	1,568	1,912	3,107
	<u>\$ 410,022</u>	<u>\$ 441,982</u>	<u>\$ 96,157</u>	<u>\$ 93,557</u>

The University

Capital additions, net of the change in construction in progress and the sale of capital assets, totaled \$10.7 million in fiscal year 2019 and consisted primarily of costs associated with renovations to administrative and laboratory space, and investments in medical, scientific and laboratory equipment.

The University had outstanding commitments under construction contracts related to these and other projects of approximately \$33.2 million at June 30, 2019. These projects are being funded by bond proceeds, federal grants, state appropriations, restricted gifts, and unrestricted university funds.

University Medical Associates

UMA's investment in capital assets, net of accumulated depreciation as of June 30, 2019 was \$96.2 million. The change in capital assets year over year is primarily due to depreciation recorded during fiscal year 2019, offset by additions.

Bonds, Notes, Capital Lease Obligations, and Interfund Payables

The following table shows the amounts (in thousands) and types of bonds, notes, and capital leases outstanding as of June 30, 2019.

	The University		University Medical Associates	
	2019	2018	2019	2018
State institution bonds, net	\$ 41,781	\$ 46,293	\$ —	\$ —
Revenue bonds, net	23,994	25,642	—	—
Notes payable	30,000	—	—	2,212
Variable rate demand bonds	—	—	60,385	62,085
Fixed rate revenue bond	—	—	9,020	10,375
Capital lease obligations	57	82	297	687
Due to component unit	40,742	41,578	—	—
Interfund payables	9,410	10,843	—	—
	<u>\$ 145,984</u>	<u>\$ 124,438</u>	<u>\$ 69,702</u>	<u>\$ 75,359</u>

The University

Following is a brief explanation of each type of long-term debt with examples of the assets acquired and the funding source the University expects to use to service the debt.

State Institution Bonds (SIB)

These bonds require the University to pledge revenue from student tuition for the repayment of this debt. If the University fails to repay this debt, the State would repay the debt because these bonds are backed by the State's full faith, credit and taxing power. The proceeds from SIBs provided a portion of the funding for the Harper Student Center, the site for the Strom Thurmond Biomedical Research Facility, the Storm Eye Institute addition, the Children's Research Institute, and a number of major renovation projects. The University's SIBs are general obligation bonds of the State of South Carolina. Moody's Investors Services rates them as "Aaa". At June 30, 2019, the net SIB payable totaled \$41.8 million.

Revenue Bonds

In fiscal year 2007, the University issued a \$38 million revenue bond for the purpose of financing a new parking garage which opened in the fall of 2008. During fiscal year 2017, the University issued \$25.1 million in Refunding Revenue Bonds to refund these bonds.

Unaudited**Notes Payable**

On February 21, 2019, the Board of Trustees approved a resolution authorizing the University to use the South Carolina Master Lease Program for the purpose of financing the costs of purchasing and implementing energy conservation measures that will benefit the University with the understanding that the debt service payments will be generated from the associated energy savings. Pursuant to this resolution, the University borrowed \$30,000,000 from TD Equipment Finance during fiscal year 2019.

Capital Leases

The University has an outstanding capital lease with CHS Development Company (CHS), a blended component unit, for the College of Health Professions complex and a parking garage. Monthly payments are made to a financial institution as trustee under this lease. At June 30, 2019, the capital lease liability payable to CHS was \$9.4 million. The lease with this blended component unit is considered an Interfund Payable.

In fiscal year 2009, the University entered into capital leases with the Medical University of South Carolina Foundation (MUSCF), a discretely presented component unit, for a garage and two office buildings. As of June 30, 2019, the capital lease liability payable to MUSCF, which is reflected as Due to Component Unit, totaled \$40.7 million.

In addition, the University has \$0.1 million in capital leases payable at June 30, 2019 for various pieces of equipment.

Sources Other Than Debt

The University also acquires some of its capital assets from other sources such as:

- *Federal grants.* Grants were received from the federal government for some of the construction costs of the Hollings Cancer Center, the Drug Discovery and Biosciences Buildings, and the Bee Street Parking Garage. The University is not obligated to repay these monies.
- *State Capital Improvement Bonds.* The State issues these bonds and makes the proceeds available for the University to spend on approved projects. The University used capital improvement bond proceeds to partially fund the construction of the new College of Dental Medicine Building. The University is not obligated to repay these funds to the State; therefore, the debt is not recorded on the University's financial statements.
- *Research Infrastructure Bonds.* The State issues these bonds and makes the proceeds available for the University to spend on approved projects. The University used research infrastructure bond proceeds to fund the construction of a new Drug Discovery Building and a Bioengineering Building. The University is not obligated to repay these funds to the State; therefore, the debt is not recorded in the University's financial statements.
- *Private Gifts and Grants.* Cash and other resources donated to the MUSC Foundation are periodically transferred to the University for capital projects.

University Medical Associates

At June 30, 2019, UMA had \$69.7 million in outstanding bonds, notes and capital lease obligations compared to \$75.4 million outstanding in the prior year, a decrease of 7.5 percent.

Requests for Information

These financial statements are designed to provide a general overview of The Medical University of South Carolina and its component units' financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller's Office, Medical University of South Carolina, 1 South Park, Suite 402, Charleston, South Carolina, 29407. These financial statements may also be obtained from our website:

<https://web.musc.edu/about/leadership/institutional-offices/finance/financial-information>

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STATEMENT OF NET POSITION
June 30, 2019

	The University	University Medical Associates	Nonmajor Enterprise Fund	Interfund Capital Leases Elimination	Total Primary Government
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 309,603,436	\$ 67,930,763	\$ —	\$ —	\$ 377,534,199
Investments	—	150,671,349	—	—	150,671,349
Receivables, net	30,903,547	53,483,806	—	—	84,387,353
Student loans receivable	34,325	—	—	—	34,325
Due from other funds	—	37,933,250	—	—	37,933,250
Due from component units	16,896,755	673,844	—	—	17,570,599
Prepaid items	5,262,261	338,226	156,349	—	5,756,836
Restricted assets					
Cash and cash equivalents	30,499,889	—	702,759	—	31,202,648
Investments	—	—	810,604	—	810,604
Due from component units	16,893,463	—	—	—	16,893,463
Interfund receivables	—	—	1,496,448	(1,496,448)	—
Student Loans receivables	1,074,997	—	—	—	1,074,997
Other current assets	—	2,980,933	—	—	2,980,933
Total current assets	411,168,673	314,012,171	3,166,160	(1,496,448)	726,850,556
Noncurrent Assets					
Investments	—	9,900,000	—	—	9,900,000
Student loans receivables	228,050	—	—	—	228,050
Restricted Assets					
Cash and cash equivalents	61,051,109	—	—	—	61,051,109
Due from component units	91,269,700	—	—	—	91,269,700
Interfund receivables	—	—	7,913,538	(7,913,538)	—
Student loans receivable	10,912,704	—	—	—	10,912,704
Prepaid items	—	5,899,843	551,758	—	6,451,601
Investment in joint ventures	—	3,451,989	—	—	3,451,989
Capital assets, net of accumulated depreciation	410,021,810	96,157,420	—	—	506,179,230
Other noncurrent assets	—	6,229,808	—	—	6,229,808
Total noncurrent assets	573,483,373	121,639,060	8,465,296	(7,913,538)	695,674,191
Total assets	984,652,046	435,651,231	11,631,456	(9,409,986)	1,422,524,747
DEFERRED OUTFLOWS					
Deferred loss of refunding debt	146,094	10,811,107	147,931	—	11,105,132
Deferred outflows-pension	80,008,386	—	—	—	80,008,386
Deferred outflows-OPEB	26,634,588	—	—	—	26,634,588
Total deferred outflows	106,789,068	10,811,107	147,931	—	117,748,106
Total assets and deferred outflows	\$ 1,091,441,114	\$ 446,462,338	\$ 11,779,387	\$ (9,409,986)	\$ 1,540,272,853

The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2019

	The University	University Medical Associates	Nonmajor Enterprise Fund	Interfund Capital Leases Elimination	Total Primary Government
LIABILITIES					
Current liabilities					
Payables and accrued liabilities	\$ 36,613,798	\$ 52,894,032	\$ 117,675	\$ —	\$ 89,625,505
Due to other funds	37,933,250	—	—	—	37,933,250
Due to component units	903,791	8,072,194	—	—	8,975,985
Unearned revenues	23,713,521	—	—	—	23,713,521
Interfund payables	1,496,448	—	—	(1,496,448)	—
Long-term liabilities	22,961,517	8,336,153	1,620,000	—	32,917,670
Other current liabilities	6,970,990	—	—	—	6,970,990
Total current liabilities	130,593,315	69,302,379	1,737,675	(1,496,448)	200,136,921
Noncurrent liabilities					
Interfund payables	7,913,538	—	—	(7,913,538)	—
Due to component unit	39,838,021	—	—	—	39,838,021
Federal loan program liability	13,188,777	—	—	—	13,188,777
Long-term liabilities	101,352,285	67,266,504	8,840,000	—	177,458,789
Net Pension Liability	482,952,846	—	—	—	482,952,846
Net OPEB Liability	455,389,567	18,606	—	—	455,408,173
Fair value of derivative instruments	—	4,347,995	—	—	4,347,995
Total noncurrent liabilities	1,100,635,034	71,633,105	8,840,000	(7,913,538)	1,173,194,601
Total liabilities	1,231,228,349	140,935,484	10,577,675	(9,409,986)	1,373,331,522
DEFERRED INFLOWS					
Deferred inflows - pension	2,996,714	—	—	—	2,996,714
Deferred inflows - OPEB	37,254,299	85,799	—	—	37,340,098
Total deferred inflows	40,251,013	85,799	—	—	40,336,812
Total liabilities and deferred inflows	1,271,479,362	141,021,283	10,577,675	(9,409,986)	1,413,668,334
NET POSITION					
Net investment in capital assets	290,960,785	60,858,173	—	—	351,818,958
Restricted					
Nonexpendable	91,997,286	—	—	—	91,997,286
Expendable for					
Education	40,100,268	—	—	—	40,100,268
Loans	4,311,957	—	—	—	4,311,957
Capital projects	67,056,535	—	—	—	67,056,535
Debt service	1,742,862	—	1,201,712	—	2,944,574
Unrestricted	(676,207,941)	244,582,882	—	—	(431,625,059)
Total net position	\$ (180,038,248)	\$ 305,441,055	\$ 1,201,712	\$ —	\$ 126,604,519

The accompanying notes are an integral part of this financial statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2019

	The University	University Medical Associates	Nonmajor Enterprise Fund	Interfund Capital Leases Elimination	Total Primary Government
Operating revenues					
Student tuition and fees, (net of scholarship allowances of \$6,468,842)	\$ 97,797,702	\$ —	\$ —	\$ —	\$ 97,797,702
Federal grants and contracts	167,075,222	—	—	—	167,075,222
State grants and contracts	10,244,367	—	—	—	10,244,367
Local government grants and contracts	196,703	—	—	—	196,703
Nongovernmental grants and contracts	38,786,564	—	—	—	38,786,564
Sales and services to Medical University Hospital Authority	132,000,681	—	—	—	132,000,681
Sales and services of educational and other activities	111,838,810	—	—	—	111,838,810
Net clinical service revenue	—	464,822,092	—	—	464,822,092
Ambulatory care and Medical University Hospital Authority revenue cycle support	—	5,855,881	—	—	5,855,881
Auxiliary enterprises	16,494,503	—	—	—	16,494,503
Interest income (used as security for revenue bonds and notes)	—	—	484,963	(444,641)	40,322
Other operating revenues	14,132,515	18,862,739	—	—	32,995,254
Total operating revenues	588,567,067	489,540,712	484,963	(444,641)	1,078,148,101
Operating expenses					
Compensation and employee benefits	428,235,437	277,654,189	—	—	705,889,626
Pension Benefits	23,575,534	—	—	—	23,575,534
OPEB Benefits	9,489,168	—	—	—	9,489,168
Services and supplies	299,555,030	95,805,517	6,576	—	395,367,123
Utilities	11,837,223	938,794	—	—	12,776,017
Scholarships and fellowships	11,392,629	—	—	—	11,392,629
Interest expense	—	—	304,736	—	304,736
Depreciation and amortization	37,385,635	5,204,577	156,349	—	42,746,561
Total operating expenses	821,470,656	379,603,077	467,661	—	1,201,541,394
Operating income (loss)	(232,903,589)	109,937,635	17,302	(444,641)	(123,393,293)
Nonoperating revenues (expenses)					
State appropriations	105,795,637	—	—	—	105,795,637
Gifts and grants	27,657,044	—	—	—	27,657,044
Gifts made	—	(4,410,000)	—	—	(4,410,000)
Investment income	4,230,805	4,585,782	—	—	8,816,587
Interest expense	(5,889,669)	(3,884,348)	—	444,641	(9,329,376)
Gain (Loss) on sale of capital assets	5,269,821	(346,462)	—	—	4,923,359
Transfers to other state funds	(434,142)	—	—	—	(434,142)
Other nonoperating revenues	—	3,951,689	—	—	3,951,689
Net nonoperating revenues (expenses)	136,629,496	(103,339)	—	444,641	136,970,798
Income (loss) before other revenues, expenses, gains, losses, and transfers	(96,274,093)	109,834,296	17,302	—	13,577,505
Capital appropriations	3,500,000	—	—	—	3,500,000
Capital grants and gifts	1,385,301	—	—	—	1,385,301
Additions to permanent endowments	682,475	—	—	—	682,475
Interfund transfers	76,316,528	(76,292,342)	(24,186)	—	—
Change in net position	(14,389,789)	33,541,954	(6,884)	—	19,145,281
Net position at beginning of year	(165,648,459)	271,899,101	1,208,596	—	107,459,238
Net position at end of year	\$ (180,038,248)	\$ 305,441,055	\$ 1,201,712	\$ —	\$ 126,604,519

The accompanying notes are an integral part of this financial statement.

STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

	The University	University Medical Associates	Nonmajor Enterprise Fund	Interfund Capital Leases Elimination	Total Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES					
Student tuition and fees	\$ 96,112,199	\$ —	\$ —	\$ —	\$ 96,112,199
Grants and contracts	215,832,599	—	—	—	215,832,599
Auxiliary enterprise charges	16,494,503	—	—	—	16,494,503
Receipts for services provided to Medical University Hospital Authority	126,219,109	—	—	—	126,219,109
Receipts for services of educational activities	123,345,351	—	—	—	123,345,351
Receipts from patients and third-party payors	—	464,735,563	—	—	464,735,563
Payments to employees	(431,562,569)	(280,336,264)	—	—	(711,898,833)
Payments to suppliers	(283,625,032)	(82,305,265)	(6,576)	—	(365,936,873)
Payments for scholarships and fellowships	(11,392,629)	—	—	—	(11,392,629)
Loans issued to students	(1,314,420)	—	—	—	(1,314,420)
Collection of loans to students	1,865,658	—	—	—	1,865,658
Student loan program receipts	42,524,689	—	—	—	42,524,689
Student loan program disbursements	(42,524,689)	—	—	—	(42,524,689)
Other receipts	15,419,099	24,786,240	—	—	40,205,339
Other payments	(2,252,247)	(551,281)	—	—	(2,803,528)
Net cash (used) provided by operating activities	(134,858,379)	126,328,993	(6,576)	—	(8,535,962)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State appropriations	105,795,637	—	—	—	105,795,637
Interfund transfers received	76,316,528	—	—	—	76,316,528
Interfund transfers paid	—	(76,292,342)	(24,186)	—	(76,316,528)
Transfers to other state funds	(501,863)	—	—	—	(501,863)
Gifts made	—	(4,410,000)	—	—	(4,410,000)
Gifts and grants received	27,148,978	—	—	—	27,148,978
Interest paid on noncapital debt	(10,801)	—	—	—	(10,801)
Principal paid on bonds and notes payable	—	(1,078,650)	—	—	(1,078,650)
Interest paid on bonds and notes payable	—	(453,479)	—	—	(453,479)
Net cash provided (used) by noncapital financing activities	208,748,479	(82,234,471)	(24,186)	—	126,489,822
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	30,000,000	—	—	—	30,000,000
Capital appropriations	418,754	—	—	—	418,754
Capital grants and gifts received	1,045,314	—	—	—	1,045,314
Proceeds from sale of capital assets	14,771,886	16,000	—	—	14,787,886
Purchases of capital assets	(15,133,862)	(9,207,556)	—	—	(24,341,418)
Principal paid on capital debt and leases	(7,761,651)	(4,577,838)	(1,580,000)	—	(13,919,489)
Interest paid on capital debt and leases	(6,536,621)	(1,878,136)	(270,900)	—	(8,685,657)
Net cash provided (used) by capital and related financing activities	16,803,820	(15,647,530)	(1,850,900)	—	(694,610)
CASH FLOWS FROM INVESTING ACTIVITIES					
Collection of interfund receivables	—	—	1,432,675	—	1,432,675
Interest received on interfund receivables	—	—	444,641	—	444,641
Purchases of investments	—	(185,699,037)	(2,342,196)	—	(188,041,233)
Proceeds from sales and maturities of investments	—	142,340,990	2,322,640	—	144,663,630
Net contributions to joint ventures	—	(2,182,788)	—	—	(2,182,788)
Net distributions from joint ventures	—	2,672,068	—	—	2,672,068
Deposits of endowment corpus with MUSC Foundation	(682,474)	—	—	—	(682,474)
Interest on investments	6,385,744	6,558,497	40,322	—	12,984,563
Net cash provided (used) by investing activities	5,703,270	(36,310,270)	1,898,082	—	(28,708,920)
Net increase (decrease) in cash and cash equivalents	96,397,190	(7,863,278)	16,420	—	88,550,330
Cash and cash equivalents at beginning of year	304,757,244	75,794,041	686,339	—	\$ 381,237,624
Cash and cash equivalents at end of year	\$ 401,154,434	67,930,763	\$ 702,759	\$ —	469,787,956

The accompanying notes are an integral part of this financial statement.

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2019

	The University	University Medical Associates	Nonmajor Enterprise Funds	Interfund Capital Leases Elimination	Total Primary Government
Cash and cash equivalents as reported in the following Statement of Net Positions sections					
Current assets	\$ 309,603,436	\$ 67,930,763	\$ —	\$ —	\$ 377,534,199
Current restricted assets	30,499,889	—	702,759	—	31,202,648
Noncurrent restricted assets	61,051,109	—	—	—	61,051,109
Total cash and cash equivalents	<u>\$ 401,154,434</u>	<u>\$ 67,930,763</u>	<u>\$ 702,759</u>	<u>\$ —</u>	<u>\$ 469,787,956</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (232,903,589)	\$ 109,937,635	\$ 17,302	\$ (444,641)	\$ (123,393,293)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	37,385,635	5,204,577	156,349	—	42,746,561
Provision for bad debts	—	36,653,413	—	—	36,653,413
Rental income, net	—	5,713,226	—	—	5,713,226
Other	—	(346,776)	—	—	(346,776)
Interest income	—	—	(484,963)	444,641	(40,322)
Interest expense	—	—	304,736	—	304,736
Changes in assets and liabilities					
Receivables	33,310,887	(49,622,603)	—	—	(16,311,716)
Student loans receivable	852,673	—	—	—	852,673
Due from other funds	—	284,262	—	—	284,262
Due to (from) component units	(5,883,542)	5,924,318	—	—	40,776
Prepaid items	(580,721)	338,227	—	—	(242,494)
Other assets	—	(2,019,546)	—	—	(2,019,546)
Payables and accrued liabilities	2,427,522	12,844,837	—	—	15,272,359
Accrued compensated absences	936,676	1,253,793	—	—	2,190,469
Unearned revenues	7,074,807	—	—	—	7,074,807
Due to other funds	(2,757,227)	—	—	—	(2,757,227)
Federal loan program liability	155,278	—	—	—	155,278
Pension & OPEB obligations	26,978,950	—	—	—	26,978,950
Other liabilities	(1,855,728)	163,630	—	—	(1,692,098)
Net cash provided (used) by operating activities	<u>\$ (134,858,379)</u>	<u>126,328,993</u>	<u>\$ (6,576)</u>	<u>\$ —</u>	<u>\$ (8,535,962)</u>
Noncash transactions					
Equipment acquired by capital leases	\$ 7,456	—	\$ —	\$ —	\$ 7,456
Donated equipment included in capital grants and gifts	339,987	—	—	—	339,987
Change in capital asset payables	(544,693)	(603,807)	—	—	(1,148,500)
Decrease in fair value of investments	—	(2,996,055)	—	—	(2,996,055)
Pro rata loss from joint ventures	—	1,251,468	—	—	1,251,468
Total noncash transactions	<u>\$ (197,250)</u>	<u>\$ (2,348,394)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2,545,644)</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION
 MEDICAL UNIVERSITY HOSPITAL AUTHORITY
 Governmental Discretely Presented Component Unit
 June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	420,133,751
Cash restricted for capital projects and major programs		30,307,132
Investments restricted for capital projects and major programs		40,100,590
Patient accounts receivable, net of allowance for uncollectible accounts of \$113,300,000		283,090,231
Due from third-party payors		16,611,442
Due from joint ventures and partnerships		5,217,007
Other current assets		80,212,895
Total current assets		<u>875,673,048</u>

Investments held by trustees under indenture agreements		56,822,214
Due from joint ventures and partnerships - restricted		1,356,791
Notes Receivable		4,933,983
Other non-current assets		7,030,205
Capital assets, net		958,201,972
Total assets		<u>1,904,018,213</u>

DEFERRED OUTFLOWS

Deferred outflows - pensions		119,953,950
Deferred outflows - OPEB		45,452,475
Deferred outflows - debt refunding		20,965,714
Total assets and deferred outflows	\$	<u>2,090,390,352</u>

LIABILITIES AND NET POSITION

Current Liabilities:

Current installments of long-term debt and capital lease obligations	\$	33,639,287
Short-term debt		120,000,000
Accounts payable		150,819,942
Accrued payroll, withholdings and benefits		98,552,784
Due to related parties		5,803,020
Other accrued expenses		20,334,212
Total current liabilities		<u>429,149,245</u>

Long-term debt and capital lease obligations net of current installments		752,323,152
Net pension liability		794,610,858
Net OPEB liability		676,557,370
Total noncurrent liabilities		<u>2,223,491,380</u>
Total liabilities		<u>2,652,640,625</u>

Deferred inflows - pensions		5,684,931
Deferred inflows - OPEB		55,346,000

Total liabilities and deferred inflows		<u>2,713,671,556</u>
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Net Position:

Net investment in capital assets		119,771,430
Restricted under indenture agreements		56,822,214
Restricted for capital projects		13,292,166
Restricted for major programs		29,285,639
Unrestricted (deficit)		(842,452,653)
Total net position		<u>(623,281,204)</u>
Total liabilities, deferred inflows, and net position	\$	<u>2,090,390,352</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MEDICAL UNIVERSITY HOSPITAL AUTHORITY
 Governmental Discretely Presented Component Unit
 For the Year Ended June 30, 2019

Operating revenues:	
Net patient service revenue, net of provision for bad debts of \$144,518,319	\$ 1,674,406,688
Other revenue	57,289,785
Total operating revenues	<u>1,731,696,473</u>
Operating expenses:	
Compensation and employee benefits	692,293,393
Pension benefits	27,989,995
OPEB benefits	12,783,331
Services and supplies	895,325,253
Depreciation and amortization	68,050,285
Total operating expenses	<u>1,696,442,257</u>
Operating income	35,254,216
Nonoperating revenue (expense):	
State appropriations	28,377,800
Gifts and grants	11,913,565
Investment income	6,144,262
Interest expense	(22,912,932)
Loss on disposal of capital assets	(872,065)
Debt issuance cost	(1,225,750)
Other nonoperating expenses	(15,177,658)
Increase in net position	<u>41,501,438</u>
Net position, beginning, as restated (Note 2)	<u>(664,782,642)</u>
Net position, ending	<u><u>\$ (623,281,204)</u></u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF FINANCIAL POSITION
MEDICAL UNIVERSITY OF SOUTH CAROLINA FOUNDATION
 Nongovernmental Discretely Presented Component Unit
 June 30, 2019

ASSETS

Cash and cash equivalents	\$	15,418,066
Receivables:		
Accounts and other receivables		5,606,121
Unconditional promises to give, net		31,633,420
Investments		483,212,035
Investment in affiliate		6,682,864
Assets held in trust by the Foundation		3,969,784
Assets held in trust by others		16,253
Income producing property		80,940,916
Property and equipment, net		360,787
Other assets		24,413
Total assets	\$	<u>627,864,659</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$	3,558,355
Accrued interest payable		16,962,086
Annuities payable		3,215,408
Notes payable to primary government		91,269,700
Notes and bonds payable		39,998,865
Interest rate swaps		1,308,129
Deferred rent		4,288,927
Contributions payable to primary government		17,852,400
Total liabilities		<u>178,453,870</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated		39,768,222
Designated for primary government programs		27,510,793
Total net assets without donor restrictions		<u>67,279,015</u>
Net assets with donor restrictions:		
Purpose or time restrictions		198,565,434
Perpetual in nature		183,566,340
Total net assets with donor restrictions		<u>382,131,774</u>
Total net assets		<u>449,410,789</u>
Total liabilities and net assets	\$	<u>627,864,659</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

MEDICAL UNIVERSITY OF SOUTH CAROLINA FOUNDATION

Nongovernmental Discretely Presented Component Unit

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions, net of gift management fees	\$ 1,146,030	\$ 15,262,137	\$ 16,408,167
Interest and dividends, net	3,011,585	3,734,945	6,746,530
Net unrealized and realized gains (losses)	3,825,258	6,001,048	9,826,306
Unrealized gain on investment in affiliate	(216,407)	—	(216,407)
Unrealized gain on interest rate swap	(1,080,424)	—	(1,080,424)
Special events revenue	—	3,896,504	3,896,504
Rental income	5,654,646	61,983	5,716,629
Change in value of split-interest agreements	—	(282,000)	(282,000)
Gain on asset disposal	12,000	—	12,000
Other income	6,608	4,584,180	4,590,788
	<u>12,359,296</u>	<u>33,258,797</u>	<u>45,618,093</u>
Net assets released from restrictions:			
Transfers	(565,213)	565,213	—
Payments of recurring management fees	3,379,834	(3,379,834)	—
Program restrictions satisfied	30,449,375	(30,449,375)	—
Total released from restrictions	<u>33,263,996</u>	<u>(33,263,996)</u>	<u>—</u>
Total revenues, gains, and other support	<u>45,623,292</u>	<u>(5,199)</u>	<u>45,618,093</u>
Expenses			
Program expenses	33,505,189	—	33,505,189
Supporting services:			
General and administrative	1,610,577	—	1,610,577
Fund-raising	3,807,749	—	3,807,749
Total expenses	<u>38,923,515</u>	<u>—</u>	<u>38,923,515</u>
Changes in net assets	6,699,777	(5,199)	6,694,578
Net assets at beginning of year	60,579,238	382,136,973	442,716,211
Net assets at end of year	<u>\$ 67,279,015</u>	<u>\$ 382,131,774</u>	<u>\$ 449,410,789</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF FINANCIAL POSITION
MUSC FOUNDATION FOR RESEARCH DEVELOPMENT
 Nongovernmental Discretely Presented Component Unit
 June 30, 2019

ASSETS

Cash and cash equivalents	\$	1,462,887
Interest receivable		—
Accounts receivable, net		685,280
Due from primary government		302,631
Accounts receivable - other		36,291
Prepaid expenses		29,401
Investments		473,909
Property and equipment, net		34,751
Total assets	\$	<u>3,025,150</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	90,271
Due to primary government		643,610
Due to University Medical Associates		327,748
Capital lease payable		1,268
Unearned revenue and deposits		23,837
Funds held for others		720,788
Total liabilities		<u>1,807,522</u>

Net assets

Without donor restrictions		1,217,628
Total liabilities and net assets	\$	<u>3,025,150</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

MUSC FOUNDATION FOR RESEARCH DEVELOPMENT

Nongovernmental Discretely Presented Component Unit

For the Year Ended June 30, 2019

Revenues, gains, and other support

State grants and contracts	\$ 1,400,000
Other grants and contracts	70,309
Royalties	1,455,051
License fees	117,100
Other program services	370,158
Interest and dividend income	21,526
Net unrealized and realized gain on investments	92,205
Miscellaneous income	106,535
Total revenues, gains, and other support	<u>3,632,884</u>

Expenses

Program services	
Technology transfer activity	3,126,358
Other	22,514
Total program expenses	<u>3,148,872</u>
Supporting services	
Management and general	236,501
Total expenses	<u>3,385,373</u>
Changes in net assets	<u>247,511</u>
Net assets at beginning of year	970,117
Net assets at end of year	<u><u>\$ 1,217,628</u></u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION

MUSC STRATEGIC VENTURES

Governmental Discretely Presented Component Unit

June 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 10,180,847
Restricted Cash	7,848,981
Patient Accounts Receivable, net	869,588
Receivables	
Due from related parties	542,372
Other	48,821
Inventory	524,517
Other current assets	86,086
Total current assets	<u>20,101,212</u>

Noncurrent Assets

Capital Assets, net	9,850,133
Investments in capital lease receivable	46,802,355
Investments in joint venture	2,629,346
Deferred outflows	695,229
Other noncurrent assets	250

Total assets	<u><u>\$ 80,078,525</u></u>
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LIABILITIES AND NET POSITION

LIABILITIES

Current liabilities

Unearned revenue	\$ 4,661,001
Accounts payable	7,133,544
Accrued compensation	5,041
Note Payable	1,224,651
Due to related parties	5,128,622
Other current liabilities	56,409
Total current liabilities	<u>18,209,268</u>

Noncurrent liabilities

Bond payable	46,000,000
Long-term note payable due to related party	5,716,966
Total liabilities	<u>69,926,234</u>

Net Position

Unrestricted	9,804,598
Restricted - noncontrolling interest	347,693
Total net position	<u>10,152,291</u>
Total liabilities and net position	<u><u>\$ 80,078,525</u></u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

MUSC STRATEGIC VENTURES

Governmental Discretely Presented Component Unit

For the Year Ended June 30, 2019

Operating revenues:		
Net patient service revenue	\$	3,442,495
Realized loss - investments in joint ventures		(305,775)
Interest income		747,484
Management income		1,856,717
Other income		(123,108)
Total operating revenues		<u>5,617,813</u>
Operating expenses:		
Salaries		52,785
Contractual services		2,686,313
Supplies		1,604,779
Accounting and legal fees		563,301
Property and operating leases		74,540
Rent expense		76,014
Insurance expense		56,684
Depreciation and amortization		95,890
Other operating expenses		168,547
Total operating expenses		<u>5,378,853</u>
Operating income		238,960
Nonoperating revenue (expenses)		
Contributions		6,285,825
Interest expense		(203,117)
Other nonoperating expenses		(245)
Minority interest loss		(186,786)
Change in unrestricted net position		<u>6,134,637</u>
Unrestricted net position, beginning of year		3,669,961
Unrestricted net position, end of year	\$	<u><u>9,804,598</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medical University of South Carolina (the University), established in 1824, is a public institution of higher learning, the purpose of which is to preserve and optimize human life in South Carolina and beyond. The University provides an environment for learning and discovery through education of health care professionals and biomedical scientists, research in the health sciences, and provision of comprehensive health care. The University and its component units are presented as a discretely presented component unit in the Comprehensive Annual Financial Report of the State of South Carolina.

Financial Statement Presentation

The financial statements of the University have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows, where applicable.

Reporting Entity

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and further amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Based on the criteria provided by GASB Statement No. 39, the financial statements include the accounts of the University, as the primary government, and the accounts of the entities referenced below as component units.

The University implemented GASB Statement No. 61, an amendment to GASB Statements No. 14 and No. 34. While this pronouncement did not significantly change the definition of a component unit, it did change the criteria for inclusion as a blended component unit. As applied to the University, the modified criteria for inclusion as a blended component unit require that a blended unit a) have a substantively similar governing board, and either provide a financial benefit or impose a financial burden on the University or be operationally managed by the University; or b) exclusively or almost exclusively benefit the University even though it may not provide services exclusively to the University; or c) rely on University resources to repay the component unit's debt.

The University determined that none of aforementioned modified criteria apply to the University's relationship with the Medical University Hospital Authority (the Authority). In particular, the University does not have operational responsibility for the Authority and does not receive a financial benefit or incur a financial burden from its relationship with the Authority under GASB 61. Therefore, the University determined that the Authority would be considered a discretely presented component unit of the University. Furthermore, due to the significance of its relationship with the University, the Authority is considered a major discretely presented component unit.

Blended Component Units

The University's blended component units, although legally separate from the University, are so intertwined with it that they are, in substance, the same as the primary entity. University Medical Associates (UMA), Medical University Facilities Corporation (MUFC), and CHS Development Company (CHS) are considered to be governmental entities that conduct business-type activities. Their balances and transactions are blended with those of the University and reported as if they were balances and transactions of the primary entity. UMA is reported as a major fund and MUFC and CHS are reported as nonmajor funds.

Major Blended Fund

University Medical Associates of The Medical University of South Carolina (UMA) was organized as a non-profit corporation under the laws of South Carolina on June 3, 1991 and has received tax-exempt status recognition from the Internal Revenue Service. UMA was established by the Board of Trustees of the Medical University of South Carolina to benefit the programs and further the mission of the University. UMA bills, collects, and administers all clinical income generated by its participating physicians and provides the full-time professional clinical faculty of the University and other health professionals with the development of group practice arrangements. UMA operates as a multi-specialty group practice of medicine and related services in the furtherance of medicine, medical research, and education. UMA is considered a component unit because the University is financially accountable for UMA, has appointment authority over a majority of the UMA board, and is able to affect UMA's operations. UMA is a blended component unit because it almost exclusively benefits the University even though UMA does not provide all of its services directly to the University. In addition, the bylaws of UMA provide for all of its assets to be transferred to the University upon its dissolution.

UMA has formed for-profit and nonprofit subsidiaries for the purpose of creating a primary care network by establishing satellite and affiliate offices and contracting with area physicians to provide primary care and other services. Carolina Family Care, Inc. (CFC) and Carolina Primary Care Physicians, P.A. (CPCP) are organized as for-profit corporations under South Carolina law, whereas Carolina Health Management Services (CHMS) is organized as a nonprofit public benefit corporation. During fiscal year 2014, UMA established a new taxable corporate subsidiary, Comprehensive Psychiatric Care Specialists (CPS). During fiscal year 2017, UMA established a new entity, MUSC Health Partners (MHP) as a support organization. Since all of these companies serve an essentially identical purpose, all financial activities of these companies are blended into the financial statements of UMA. Some of UMA's component units are income taxable under state and federal law. UMA's component units do not issue separate financial statements.

UMA is financially accountable for its component units because UMA is able to impose its will on the organizations, there is a potential for the organizations to provide specific financial benefits to or impose specific financial burdens on UMA, and there is a fiscal dependency by the organizations on UMA. As required by U.S. generally accepted accounting principles, the University's financial statements include UMA and its component units. Copies of the separately issued financial statements of UMA can be obtained by sending a request to the following address: University Medical Associates, 1180 Sam Rittenberg Blvd., Suite 355, Charleston, SC 29407.

Nonmajor Blended Fund

Medical University Facilities Corporation (MUFC) is a nonprofit corporation established in 1992 to obtain the financing for the University to purchase land, an office building, and a parking garage. A majority of the members of the Board of Directors of MUFC are employees of the University or members of the University's Board of Trustees. The agreement between the University and MUFC requires the University to pay all costs incurred by MUFC. MUFC is considered to be a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. MUFC is a blended component unit since it relies on the University's resources to service its debt. MUFC does not issue separate financial statements. For the year ended June 30, 2019, MUFC had no activity.

CHS Development Company (CHS) is a nonprofit corporation organized under the laws of South Carolina on August 27, 2002 to develop and lease property for the University. The development of the property furthers the public educational goals of the University by providing necessary classroom, office, and parking space. CHS is considered to be a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CHS is a blended component unit since it relies on the University's resources to service its debt. CHS does not issue separate financial statements.

Discretely Presented Component Units

Under criteria set forth in GASB Statement No. 61, the Medical University Hospital Authority (the Authority) is reported as a discretely presented component unit of the University. As described above, based on the criteria in GASB Statement No. 39, the University reports the Medical University of South Carolina Foundation (MUSCF), the MUSC Foundation for Research Development (MFRD), and MUSC Strategic Ventures (MSV) as discretely presented component units in its financial statements.

Major Discretely Presented Component Unit

The Medical University Hospital Authority (the Authority) was created on June 16, 2000, for the purpose of managing and operating the Medical University Hospitals and Clinics. While the legislation establishing the Authority as a stand-alone healthcare system requires that the members of the University's Board of Trustees also constitute the Board of Trustees of the Authority, the Authority's component unit relationship to the University arises principally because the nature and significance of its relationship with the primary government is such that exclusion would cause the University's financial statements to be misleading or incomplete. The Authority is considered a discretely presented unit because, while it does have the same governing board as the University, it does not provide a significant financial benefit to or impose a financial burden on the University. The Authority receives its own state appropriations passed through the University from the South Carolina General Assembly, independent of the appropriations granted and mandates made to the University. It is considered a major discretely presented component unit because of the significance of its relationship with the University. Copies of the separately issued financial statements of the Authority can be obtained by sending a request to the following address: Medical University Hospital Authority, Chief Financial Officer, P.O. Box 250332, Charleston, SC 29425.

Nonmajor Discretely Presented Component Units

The Medical University of South Carolina Foundation (MUSCF) was incorporated in July 1966 under the laws of South Carolina as an educational, charitable, eleemosynary foundation to promote educational, research, clinical and other facilities and programs of the University. In 2005, MUSCF expanded its purpose by amending its bylaws to promote the same types of programs through the Authority. MUSCF acts primarily as a fund-raising organization to supplement the resources that are available to the University and the Authority in support of its programs. Although the University does not control the timing or amount of receipts from MUSCF, the majority of resources or income thereon that MUSCF holds and invests is restricted by the donors for support of the activities of the University and the Authority.

The MUSCF reporting entity includes the Parking Garage Associates, LLC, (PGA), 135 Cannon Street, LLC, and 55 Bee Street, LLC, all of which are single member limited liability companies and wholly-owned subsidiaries of MUSCF. PGA owns and leases a parking garage to the University. 135 Cannon Street, LLC owns and leases an office building and parking lot to the University. 55 Bee Street, LLC owns and leases an office building to the University.

Because the restricted resources held by MUSCF can only be used by, or for the benefit of the University or the Authority, and if MUSCF is dissolved, its assets shall be transferred to the University, MUSCF is considered a discretely presented component unit of the University. Copies of the separately issued financial statements of the MUSCF can be obtained by sending a request to the following address: MUSC Foundation, 18 Bee Street, P.O. Box 250450, Charleston, SC 29425-4500.

MUSC Foundation for Research Development (MFRD) was incorporated in March 1995 as a direct support organization for the University. The mission of MFRD is to support the educational, research, and health care mission of the University by fostering creativity and innovation. Additionally, MFRD is charged with providing the mechanisms by which the University's scientific discoveries, inventions and processes may be developed, applied, or patented, and the means by which funds generated by such discoveries or patents can be used to stimulate and promote further investigation and research at the University.

Based on its close relationship with the University, MFRD is deemed to be financially integrated with the University; therefore, MFRD is reported as a discretely presented component unit of the University. Copies of the separately issued financial statements of MFRD can

be obtained by sending a request to the following address: MUSC Foundation for Research Development, MSC 828, 19 Hagood Avenue, Suite 909, Charleston, SC 29425.

MUSC Strategic Ventures (MSV) was incorporated on September 2, 2015 pursuant to the South Carolina Nonprofit Corporation Act exclusively to allow affiliation with tax exempt entities to operate for charitable, scientific, and educational purposes and to promote and support the educational, medical, scientific and research purposes of the University and UMA.

MSV has formed a for-profit subsidiary, MSV Health, Inc. (MHI). MHI was incorporated on August 10, 2016 pursuant to the State of Delaware to allow affiliation with taxable entities to promote and support the educational, medical, scientific and research purposes of the University and UMA. The financial activities of MHI are consolidated with MSV and thus MHI does not issue separate financial statements.

Based on its close relationship with the University and UMA, MUSC Strategic Ventures is deemed to be financially integrated with the University; therefore MUSC Strategic Ventures is reported as a discretely presented component unit for the University.

Basis of Accounting

For financial reporting purposes, the University, along with its governmental component units, is considered a special purpose government engaged only in business-type activities. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Student tuition is presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to recipients are presented as scholarship and fellowship expenses. All significant interfund transactions and balances have been eliminated.

The Medical University of South Carolina Foundation and MUSC Foundation for Research Development are private nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications for these differences have been made to the financial information for MUSCF and MFRD in the University's financial reporting entity.

Cash and Cash Equivalents

The University and its governmental component units generally consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. However, guaranteed investment contracts held by the nonmajor funds are classified as short-term investments. Funds invested through the State's internal cash management pool administered by the State Treasurer's Office are considered cash equivalents because the pool operates as a demand deposit account.

Investments and Investment Income

Investments are carried at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investment income or loss from investment (including realized and unrealized gains and losses on investments and interest) is reported as nonoperating revenue.

Receivables

The University's receivables consist primarily of tuition and fee charges to students and amounts due from government and private sources in connection with reimbursement of allowable expenses under grants and contracts.

UMA grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements.

Bad debt and contractual allowances for loans receivable and various accounts receivable, including patient accounts receivable, for the University and UMA are established based upon losses and adjustments experienced in prior years and evaluations of the current account portfolios.

Prepaid Items

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, prepaid items consist primarily of insurance premiums, subscriptions, maintenance contracts, and deposits on equipment not yet received. UMA's prepaid items consist of prepaid rent.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, if received as a gift, at fair market value at the date of donation. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year, and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. The University and UMA capitalize, as a component of construction in progress, interest cost in excess of earnings on debt associated with the capital projects. No interest was capitalized in fiscal year 2019 for either the University or UMA. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 50 years for buildings, building services, and land improvements, and 3 to 20 years for machinery, equipment, vehicles, and software.

Compensated Absences

Employee vacation pay expense is accrued in accordance with GASB Statement No. 16, as modified by GASB Statement No. 68. The liability is recorded as payables and accrued liabilities in the Statement of Net Position (see Note 11) and the related expense is a component of compensation and employee benefits expense in the Statement of Revenues, Expenses and Changes in Net Position.

Payables

Pursuant to an amendment to the South Carolina Medicaid Plan, approved by the US Department of Health and Human Services on September 20, 2002 to be effective retroactive to October 1, 2001, the University receives certain supplemental Medicaid payments for inherent inefficiencies of providing care to Medicaid patients while instructing medical students. As of June 30, 2019, the University has recorded a net payable to Medicaid of \$4,852,508.

Unearned Revenues

Unearned revenues include net tuition and fees received prior to the end of the fiscal year which relate to a subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Derivative Instruments

The University and its blended units account for its derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The University and its blended units classify derivative instruments into hedging derivative instruments and investment derivative instruments. If a derivative is classified as an effective hedging derivative instrument, changes in its fair value are deferred on the Statement of Net Position as either deferred inflows or deferred outflows. If the derivative is classified as an investment derivative instrument or an ineffective hedging derivative, changes in its fair value are reported in investment income on the Statement of Revenues, Expenses and Changes in Net Position in the period in which the changes occur. The University and its blended units formally assess the effectiveness of hedging derivative instruments at each year-end. UMA formally assesses the effectiveness of its hedging derivative instruments using Regression Analysis. During February 2018, the impact of the Tax Cuts and Jobs Act was realized as the interest rates on its outstanding bonds were increased due to the lowering of the maximum corporate tax rate in accordance with the Master Trust Indenture. The new higher interest rate resulted in the derivative instrument no longer being an effective hedging instrument. In accordance with GASB Statement No. 53, the increase in the negative value of the derivative instrument during the year ended June 30, 2019 of \$3,124,957 was recorded as a reduction of investment income.

Deferred Loss on Refunding of Debt

In transactions involving refunding of debt, the difference between the reacquisition price (total cost of new debt) and the net carrying value of the old debt is deferred and amortized to interest expense over the shorter of the remaining life of the old debt or the life of the new debt. The unamortized amount of the deferred loss on refunding of debt is reflected as a deferred outflow.

Net Position

The net position of the University and the governmental component units is classified as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt incurred to acquire or construct the assets. To the extent debt has been incurred but not yet expended for capital assets, it is not included as a component of the net investment in capital assets.

Restricted net position – non-expendable - Nonexpendable restricted net position consists of endowment funds which donors or other outside sources have stipulated, as a condition of the gift instrument, must be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position – expendable - Restricted expendable net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net position - Unrestricted net position represents resources that are not subject to externally imposed restrictions and may be used to meet current expenses for any purpose. These resources also include those of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred for a purpose for which both restricted and unrestricted resources are available, the University policy is to first apply the restricted resources, then the unrestricted resources.

Classification of Revenues and Expenses

The University and the governmental component units have classified revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the University include: (1) tuition and fees received in exchange for providing educational services to students; (2) grants and contracts that are essentially the same as contracts for services and that finance programs the University would not otherwise undertake; and (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University. Operating expenses primarily consist of payments of compensation and employee benefits and purchases of services and supplies.

Transactions deemed by UMA to be related to its clinical services' offerings or to the use of its facilities and personnel for educational purposes are reported as operating revenues and operating expenses. Peripheral or incidental transactions are reported as nonoperating revenues and expenses. The principal operating revenues of UMA are patient services revenues.

CHS reports interest income and interest expense as operating revenue and expense because investing and financing constitute their principal ongoing operations.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, contributions and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes, State appropriations, investment income (except for MUFC and CHS), and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. The principal nonoperating expenses are interest (except for MUFC and CHS), transfers to other State funds and gifts made.

Scholarship Allowances

Student tuition and fee revenues are recorded net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student and/or third parties making payments on behalf of the student.

Net Clinical Service Revenue

UMA has agreements with third party payors including Medicare and Medicaid that provide for reimbursement at amounts different from established rates. Net clinical service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors, and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. UMA is reimbursed by its major insurers (Medicare, Medicaid, Blue Cross, etc.) based upon a fee schedule it has developed for physician services.

Charity Care

UMA provides care to patients who meet certain criteria under charity care policies without charge or at amounts less than established rates. Since management does not expect payment for charity care, the estimated charges are excluded from revenue.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from seminar fees, clinic services, pharmacy sales, and sales of other services. This category includes supplemental Medicaid payments received as reimbursement to providers associated with teaching hospitals and clinics.

Interfund Transfers and Balances

Transfers of funds between blended component units are accounted for as Interfund Transfers. The principal purpose of Interfund Transfers is to support the academic department activities of the University.

Transfers of funds to entities external to the Primary Government are presented as Transfers to Other State Funds.

Amounts owed to (by) the Primary Government by (to) discretely presented component units are presented as Due from (to) Component Unit(s). Activities between blended component units that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are presented as Interfund Receivables and Interfund Payables. All other outstanding balances between blended component units, which are primarily related to services provided or used, are presented as Due to/from Other Funds.

Income Taxes

The University and the Authority, as political subdivisions of the State of South Carolina, are exempt from federal income taxes. The income of the University is exempt under Section 115(1) of the Internal Revenue Code, as amended. The Authority is also recognized as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax under Section 501(a) of the Internal Revenue Code.

UMA, CHS, MUSC Strategic Ventures, MUSCF, and MFRD are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income under Code Section 501(a). However, UMA does have three for-profit subsidiaries and a nonprofit subsidiary which are all subject to federal income tax.

In December Congress passed, and the President signed into law, the Tax Cuts and Jobs Act (TCJA) of 2017. This legislation featured several changes that could ultimately impact both public and private higher education institutions, their benefactors and employees. As of June 30, 2019, the Internal Revenue Service had yet to provide guidance in the form of proposed regulations and/or notices, or amended tax forms regarding the implementation of the TCJA by exempt organizations. Consequently, the University has not accrued a liability for any changes referenced in the TCJA. It is our opinion, that had any liabilities been recorded, they would not have been material to the University's financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

New Accounting Pronouncements

The University implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, for fiscal year 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. The implementation did not have a material effect on the University's financial statements for fiscal year 2019.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the University in fiscal year 2020. The University is in the process of evaluating the impact of GASB Statement No. 84.

GASB Statement No. 87, *Leases*, was issued in June 2017. This Statement requires recognition of assets and deferred outflows of resources and liabilities and deferred inflows of resources for leases previously classified as operating leases, based on the payment provisions of the contract. This statement applies to all leases with a term greater than one year. This statement will be effective for the University and UMA in fiscal year 2021. The University and UMA are in the process of evaluating the impact of GASB Statement No. 87.

The University implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, for fiscal year 2019. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement will be effective for the University in fiscal year 2021. The University is in the process of evaluating the impact of GASB Statement No. 89.

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will be effective for the University in fiscal year 2020. The University is in the process of evaluating the impact of GASB Statement No. 90.

2. DEPOSITS AND INVESTMENTS

The following schedule reconciles deposits and investments to the Statement of Net Position:

	The University	UMA	Nonmajor Enterprise Fund CHS
Statement of Net Position:			
Current assets			
Cash and cash equivalents	\$ 309,603,436	\$ 67,930,763	—
Investments	—	150,671,349	—
Restricted assets			
Cash and cash equivalents	30,499,889	—	702,759
Investments	—	—	810,604
Noncurrent assets			
Investments	—	9,900,000	—
Restricted assets			
Cash and cash equivalents	61,051,109	—	—
Total Statement of Net Position	<u>\$ 401,154,434</u>	<u>\$ 228,502,112</u>	<u>\$ 1,513,363</u>
Disclosure, Deposits and Investments plus reconciling items:			
Carrying value of deposits			
Held by State Treasurer	\$ 401,075,204	\$ —	\$ —
Other	—	36,805,553	384,277
Investments, reported amount			
Unrestricted	—	191,641,187	—
Restricted	—	—	1,129,086
Cash on hand	79,230	55,372	—
Total Notes plus reconciling items	<u>\$ 401,154,434</u>	<u>\$ 228,502,112</u>	<u>\$ 1,513,363</u>

Deposits Held by State Treasurer

All deposits of the University are under the control of the South Carolina State Treasurer, who by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values, and various risks of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Other Deposits

UMA and its blended component units maintain their cash accounts in commercial banks. Accounts are guaranteed by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for both demand and time deposits per depositor. At June 30, 2019, the carrying amount of deposits was \$36,805,553. Bank balances before reconciling items were \$40,089,792. Of these unrestricted bank balances, \$3,628,808 was insured by the FDIC and the remainder was uninsured and uncollateralized.

Investments

As of June 30, 2019, the investment balances were as follows:

Investment	Carrying Value	Maturities	Interest Rate	Credit Rating
University Medical Associates				
Certificates of deposit	\$ 200,000	06/07/2020	0.35%	N/A
Cash held by fiscal agent	1,650,000	N/A	N/A	N/A
Auction rate debt securities:				
Merrill Lynch Bonds	9,900,000	12/01/2026	3.14%	Baa3/BBB+
Commercial paper	29,889,085	07/08/2019 - 09/26/2019	—%	P2/A2/SP-1+
Corporate bonds	17,689,438	08/14/2019 - 07/19/2023	1.88 - 6.00%	A+-BBB+
Money market funds:				
Wells Fargo Bank Institutional	6,769,236	average 39 days	1.25%	N/A
Federated Prime Mortgage Obligations Inst.	2,711,879	average 39 days	2.36%	N/A
Mutual Funds:				
Bond funds - domestic	29,754,905	N/A	3.40%	N/A
Equity funds - domestic	50,955,383	N/A	1.09%	N/A
Equity funds - foreign	42,121,261	N/A	1.81%	N/A
Total UMA investments	<u>\$ 191,641,187</u>			
Nonmajor Enterprise Fund				
CHS Development Company				
SANTANDER UK PLC	\$ 810,604	12/10/2019	—%	N/A
Money market funds:				
TD Bank Deposit Sweep	318,482	N/A	1.80%	N/A
Total CHS investments	<u>\$ 1,129,086</u>			

UMA's Investment income comprises of the following for the fiscal year ended June 30, 2019:

Net increase in fair value of investments	\$ 128,902
Change in valuation of derivative instruments	(3,124,957)
Investment income	6,330,369
Income from joint venture	1,251,468
Total	<u>\$ 4,585,782</u>

The University and its component units report investments at fair value and categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy classifies investments using following three levels:

Level 1- Investments reflect prices quoted in active markets.

Level 2- Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are subject to pricing by an alternative pricing source due to lack of information available from the primary vendor. There are no investments or derivatives classified in Level 3.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued by independent financial advisors using the zero-coupon method.

UMA has the following investments and derivative instruments valued using fair value measurements as of June 30, 2019:

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	6/30/2019	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
Cash and cash equivalents	\$ 31,069,838	\$ 31,069,838	\$ —	\$ —
Debt Securities				
Bond mutual funds	25,990,985	25,990,985	—	—
Certificates of deposit	200,000	—	200,000	—
Commercial Paper	9,950,362	—	9,950,362	—
Corporate bonds	17,689,438	—	17,689,438	—
Auction rate securities	9,900,000	—	9,900,000	—
Total debt securities	63,730,785	25,990,985	37,739,800	—
Equity securities				
Domestic equity mutual funds	37,484,010	37,484,010	—	—
Foreign equity mutual funds ⁽¹⁾	27,685,157	27,685,157	—	—
Total Equity Securities	65,169,167	65,169,167	—	—
Total investments by fair value level	\$ 159,969,790	\$ 122,229,990	\$ 37,739,800	\$ —
Investments measures at the net asset value (NAV)				
Equity long/short hedge funds	\$ 3,802,784			
Multi-strategy hedge funds	27,868,612			
Total investments measured at the NAV	31,671,396			
Total investments measured at fair value	\$ 191,641,186			
Derivative instruments				
Interest rate swap	\$ (4,347,995)	\$ —	\$ (4,347,995)	\$ —

1. All funds convert currencies into US dollars for reporting purposes and do not present currency risk on the way the institutional funds are bought, sold, and denominated. The only foreign currency risk resides with individual securities purchased in foreign denominated currencies and held in the portfolio underlying the funds themselves. As such, UMA has no formal policy relating to foreign currency risk.

Information related to investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	Fair value	Investments Measured at NAV Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds ⁽¹⁾	\$ 3,802,784	Quarterly	95 days
Multi-strategy hedge funds ⁽²⁾	27,868,612	Monthly	30 days
Total investments measured at the NAV	\$ 31,671,396		

1. Equity long/short hedge fund. This hedge fund is a multiple-manager investment fund that specializes primarily in classic long/short hedged equity strategies. The hedge fund invests globally, with a majority of the exposure in liquid, developed markets, and invests primarily in private investment partnerships or limited liability companies and in separately managed accounts, each of which are managed by independent managers.

2. Multi-strategy hedge fund. This hedge fund uses multiple investing strategies in order to diversify risks and reduce volatility. The hedge fund's composite portfolio includes investments in US index funds.

CHS Development Company has the following investments valued using fair value measurements as of June 30, 2019:

	6/30/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
SANTANDER UK PLC	\$ 810,604	\$ 810,604	\$ —	\$ —
Total debt securities	810,604	810,604	—	—
Money Market Funds				
TD Bank Deposit Sweep	318,482	318,482	—	—
Total money market funds	318,482	318,482	—	—
Total investments by fair value level	<u>\$ 1,129,086</u>	<u>\$ 1,129,086</u>	<u>\$ —</u>	<u>\$ —</u>

Custodial Credit Risk

Custodial credit risk is the risk that the investor will not be able to recover the value of its investments that are in the possession of its safekeeping custodian.

To minimize this risk, UMA's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. All investments are held in UMA's name by a safekeeping agent that is independent of all counterparties. UMA does not have a policy related to insurance or collateralization of deposits.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

UMA has structured its cash resources in order to ensure preservation of principal and maximize investment returns subject to cash flow requirements and manage credit risk within its portfolio. UMA has adopted two investment policies depending on whether the funds are invested on a self-directed or professionally managed basis. The self-directed investment policy approved by the UMA Board of Directors allows investment in money market mutual funds, U.S. Treasury and Agency obligations, obligations of U.S. or foreign banks rated A1/P1 by Standard & Poors (S&P) or Moody's Investor Services (Moody's), repurchase agreements with major banks collateralized by U.S. Treasury obligations, Eurodollar time deposits rated A or higher, commercial paper rated A2/P2/F2 or higher, and other corporate obligations including bonds and medium term notes rated A+ or A1 or higher.

CHS Development Company has adopted an investment policy approved by the CHS Board of Directors that allows investments in bonds, notes, bills, futures contracts and pass-through securities and all other marketable debt obligations issued or guaranteed by the US Government or its Agencies, repurchase agreements fully collateralized by US Government securities, bonds and all other marketable debt obligations of US corporations which have a composite average portfolio quality rating of "A" or better as rated by Moody's Investor Services (Moody's), or comparable by Standard and Poor's. Individual issues shall have a minimum investment quality rating of BBB (S&P) or Baa (Moody's).

Concentration of Credit Risk

An increased risk of loss occurs as more investments are acquired from one issuer.

UMA's professionally managed portfolio includes both equity and fixed income investments. As of June 30, 2019, fixed income investments comprise 48%, while equities comprise 52% of the total. Allowable fixed income investments include obligations issued or guaranteed by the US Government, mortgage backed securities including GNMA, FNMA and FHLMC, other asset-backed securities, corporate debt securities, taxable municipal securities, short-term obligations including commercial paper, and debt of developed foreign sovereign nations as well as closely monitored emerging markets sovereign debt, commercial bonds and senior debt. The policy allows investment in instruments with maturity from one to two and a half years with the average credit quality to be no lower than A/Aa by S&P and Moody's. No more than 10% may be invested in a single issuer except for the U.S. Government and its agencies. This limit may be exceeded with the approval of the Board of Directors of UMA. As of June 30, 2019, UMA has no investments in securities of a single issuer other than the U. S. Government that comprise more than 10% of its total unrestricted portfolio.

The equity portion of UMA's professionally managed investment policy provides for domestic and international equities, real estate funds, and alternative investments, including hedge funds, private equity funds, energy limited partnerships, commodities, and derivative securities, with all having diversification among issuers, class of issuers and industrial sectors. UMA's policy is to limit investment in any one equity issuer to 5% and limit investment in a particular market segment to 20% of the total portfolio balance. Alternative investments shall not exceed 25% of the fund's total market value unless approved by the Executive Committee of the Board of Directors of UMA. Alternative investments are measured at net asset value (NAV) as a practical expedient to fair value. As of June 30, 2019, UMA has no investment holdings which exceed these thresholds.

CHS investments are in relatively conservative financial instruments. As of June 30, 2019, fixed income securities in debt obligations comprise 71.79% while cash and cash equivalents comprise 28.21% of total investments. Fixed income investments include SANTANDER UK PLC.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

UMA, in accordance with its self-directed investment policy, manages its exposure to interest rate risk by limiting the maturities of investments to no longer than 60 months for any individual security and no longer than 18 months average for the entire portfolio. As June 30, 2019, investments subject to this policy were the certificates of deposit, corporate and auction rate securities, commercial paper, and money market funds.

CHS has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments in Joint Ventures

UMA accounts for investments in joint ventures using the equity method. If UMA is a 20 percent or more owner and is able to exercise significant influence over the partnership, then UMA records the investment under the equity method, whereby UMA's percentage of the net profit or loss increases or decreases the carrying value of the investment and this gain or loss is reported in the Statement of Revenues, Expenses and Changes in Net Position.

During the fiscal year ended June 30, 2000, CPCP entered into a joint venture with several physicians and medical practices by purchasing a 35 percent interest in Lowcountry Real Property, LLC (LCRP) which holds title to certain real estate located in Beaufort County, South Carolina. During the fiscal year ended June 30, 2010, there was a reallocation of partnership interests from withdrawing partners bringing CPCP's total interest in the capital of LCRP to 43.35 percent. The operating agreements of LCRP state that all powers to control normal operations are exercised exclusively by the managers except for veto authority over certain transactions affecting the acquisition and disposition of significant assets or changes to the members of each partnership. CPCP is prohibited from serving as a manager but no other party has a controlling interest. These joint ventures are accounted for using the equity method of accounting.

On February 10, 2004, UMA entered into a joint venture, with an effective date of August 5, 2003, with Georgetown Hospital System to form Georgetown Radiation Therapy Center, L.L.C. (GRTC) to provide radiation therapy for patients of Georgetown County, South Carolina. UMA received a one percent equity interest for a contribution of \$1,000. Pursuant to a licensing agreement, in exchange for GRTC's use of UMA's intellectual property, UMA has been entitled to receive an additional one percent equity interest in GRTC for each \$100,000 of cumulative net income the entity produces up to a maximum of ten percent. In prior years, UMA received an additional nine percent interest in the partnership as a result of increases in accumulated earnings bringing the total interest in GRTC to the maximum ten percent. On September 1, 2014, UMA purchased an additional 39 percent interest in Georgetown Hospital System to increase its total ownership percentage to 49 percent for the purchase price of \$975,000. GRTC is governed by an executive committee which is comprised of nine directors with UMA appointing four of these directors. This investment is reported on the equity method of accounting and as of June 30, 2019 had a carrying value of \$2,671,766.

On May 23, 2016, UMA entered into a joint venture with MUHA to form MUSC Health Alliance, LLC (MHA). MHA was formed to qualify and operate as an accountable care organization (ACO) participating in the Medicare Shared Saving Program (MSSP) within the meaning of Section 1899 of the Social Security Act. UMA has a 55% membership interest with MUHA having the remaining 45% membership interest. As of June 30, 2017, UMA made a capital contribution of \$943,156 to fund its share of the escrow account required by MSSP and recorded MUHA's minority interest of \$651,962 on the statement of net position. MHA is governed by a Board of Directors consisting of 8 directors with UMA appointing 4 directors. MHA is consolidated into the financial statements of UMA and does not issue separate stand-alone financial statements.

The following schedule reflects the changes in the carrying value of UMA's joint venture investments included in Investments in joint ventures in the accompanying statement of net position:

	LCRP	GRTC	Total
UMA's carrying value at June 30, 2018	\$ 1,429,929	\$ 1,259,872	\$ 2,689,801
Capital contribution made in fiscal year 2019	—	2,182,788	2,182,788
Distributions received	(2,672,068)	—	(2,672,068)
UMA's share of partnership income (loss) for fiscal year 2019	2,022,362	(770,894)	1,251,468
UMA's carrying value at June 30, 2019.	\$ 780,223	\$ 2,671,766	\$ 3,451,989

3. RECEIVABLES

Receivables at June 30, 2019, net of applicable allowances, were as follows:

	The University	UMA
Student accounts	\$ 1,453,123	\$ —
Patient accounts	—	209,539,992
Less allowances for:		
Contractual adjustments	—	(140,583,814)
Uncollectibles	—	(19,069,763)
Federal grants and contracts	16,844,292	—
State grants and contracts	448,874	—
Nongovernmental grants and contracts	4,291,286	—
Interest	1,697,329	—
State capital appropriation	3,831,246	—
Other	2,337,397	3,597,391
Receivables, net	<u>\$ 30,903,547</u>	<u>\$ 53,483,806</u>

4. RESTRICTED ASSETS

The purposes and amounts of restricted assets at June 30, 2019 were as follows:

Asset/Restricted for	The University	Nonmajor Enterprise Fund CHS
Current:		
Cash and cash equivalents:		
Debt service	\$ 2,234,063	\$ 702,759
Research & education	28,265,826	—
Total cash and cash equivalents	<u>\$ 30,499,889</u>	<u>\$ 702,759</u>
Investments:		
Debt service	<u>\$ —</u>	<u>\$ 810,604</u>
Due from component units		
Earnings on endowments	<u>\$ 16,893,463</u>	<u>\$ —</u>
Interfund receivables:		
Debt service	<u>\$ —</u>	<u>\$ 1,496,448</u>
Student loans receivable:		
Student loan programs	<u>\$ 1,074,997</u>	<u>\$ —</u>
Noncurrent:		
Cash and cash equivalents:		
Capital projects	\$ 56,651,056	—
Student loan programs	3,630,989	—
Endowments	769,064	—
Total cash and cash equivalents	<u>\$ 61,051,109</u>	<u>\$ —</u>
Investments		
Debt service	<u>\$ —</u>	<u>\$ —</u>
Due from component units		
Endowments	<u>\$ 91,269,700</u>	<u>\$ —</u>
Interfund receivables:		
Debt service	<u>\$ —</u>	<u>\$ 7,913,538</u>
Student loans receivable:		
Student loan programs	<u>\$ 10,912,704</u>	<u>\$ —</u>

5. CAPITAL ASSETS

University and Blended Component Units

Capital asset activity for the year ended June 30, 2019 for the University and its blended component units was as follows:

	Beginning Balance	Additions	Transfers / Retirements	Ending Balance
<u>The University</u>				
Capital assets not being depreciated				
Land	10,587,597	\$ —	\$ (4,238,513)	\$ 6,349,084
Construction in progress	3,483,700	6,896,363	(8,741,501)	1,638,562
Total capital assets not being depreciated	14,071,297	6,896,363	(12,980,014)	7,987,646
Other capital assets				
Depreciable land improvements	14,429,626	—	(1,097,604)	13,332,022
Buildings and improvements	794,150,701	8,809,325	(19,360,203)	783,599,823
Machinery and equipment	140,965,389	6,875,869	(5,159,611)	142,681,647
Vehicles	4,224,828	1,096,556	(734,451)	4,586,933
Total other capital assets at historical cost	953,770,544	16,781,750	(26,351,869)	944,200,425
Less accumulated depreciation for				
Depreciable land improvements	(9,342,540)	(505,961)	839,903	(9,008,598)
Buildings and improvements	(417,668,680)	(28,193,445)	15,262,904	(430,599,221)
Machinery and equipment	(96,191,106)	(8,347,083)	4,241,558	(100,296,631)
Vehicles	(2,657,114)	(339,146)	734,449	(2,261,811)
Total accumulated depreciation	(525,859,440)	(37,385,635)	21,078,814	(542,166,261)
Other capital assets, net	427,911,104	(20,603,885)	(5,273,055)	402,034,164
University capital assets, net	441,982,401	(13,707,522)	(18,253,069)	410,021,810
<u>University Medical Associates</u>				
Capital assets not being depreciated				
Land	22,007,185	4,155,334	(65,999)	26,096,520
Construction in progress	241,345	4,088,958	(3,695,965)	634,338
Total capital assets not being depreciated	22,248,530	8,244,292	(3,761,964)	26,730,858
Other capital assets				
Buildings and improvements	116,027,868	32,854	1,633,582	117,694,304
Machinery and equipment	19,144,587	1,298,699	(1,297,351)	19,145,935
Computer software	13,633,690	5,995	—	13,639,685
Total other capital assets at historical cost	148,806,145	1,337,548	336,231	150,479,924
Less accumulated depreciation for				
Buildings and improvements	(52,055,164)	(3,612,952)	1,247,570	(54,420,546)
Machinery and equipment	(14,915,843)	(1,804,975)	1,815,701	(14,905,117)
Computer software	(10,526,288)	(1,201,411)	—	(11,727,699)
Total accumulated depreciation	(77,497,295)	(6,619,338)	3,063,271	(81,053,362)
Other capital assets, net	71,308,850	(5,281,790)	3,399,502	69,426,562
UMA capital assets, net	93,557,380	2,962,502	(362,462)	96,157,420
Grand Total	\$ 535,539,781	\$ (10,745,020)	\$ (18,615,531)	\$ 506,179,230

Major Discretely Presented Component Unit

Capital asset activity for the year ended June 30, 2019 for the Authority was as follows:

	Beginning Balance	Additions	Transfers / Retirements	Ending Balance
<u>Medical University Hospital Authority</u>				
Capital assets not being depreciated				
Land	\$ 6,092,725	\$ 21,682,623	\$ —	\$ 27,775,348
Assets not in service	5,574,757	42,186,922	(1,893,094)	45,868,585
Construction in progress	238,899,081	112,406,155	(15,802,479)	335,502,757
Total capital assets not being depreciated	250,566,563	176,275,700	(17,695,573)	409,146,690
Other capital assets				
Buildings, improvements & fixed equipment	724,125,081	150,534,666	(20,664)	874,639,083
Machinery and equipment	270,874,541	54,786,015	(10,949,820)	314,710,736
Software	55,525,913	1,335,278	—	56,861,191
Vehicles	2,403,565	727,358	(1,203,733)	1,927,190
Total other capital assets at historical cost	1,052,929,100	207,383,317	(12,174,217)	1,248,138,200
Less accumulated depreciation for				
Buildings, improvements & fixed equipment	(407,241,728)	(32,879,289)	19,111	(440,101,906)
Machinery and equipment	(190,051,799)	(25,977,773)	10,234,592	(205,794,980)
Software	(42,989,512)	(9,020,606)	—	(52,010,118)
Vehicles	(2,051,976)	(172,617)	1,048,679	(1,175,914)
Total accumulated depreciation	(642,335,015)	(68,050,285)	11,302,382	(699,082,918)
Other capital assets, net	410,594,085	139,333,032	(871,835)	549,055,282
Authority capital assets, net	\$ 661,160,648	\$ 315,608,732	\$ (18,567,408)	\$ 958,201,972

6. PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board (the Board), is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission (RSIC) and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the State and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public schools districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each System is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the System as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the System with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each System is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the Board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contributions rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the System shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the System shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

Required employee contribution rates for fiscal year 2018-2019 are as follows:

SCRS

Employee Class Two 9.00% of earnable compensation

Employee Class Three 9.00% of earnable compensation

State ORP 9.00% of earnable compensation

PORS

Employee Class Two 9.75% of earnable compensation

Employee Class Three 9.75% of earnable compensation

Required employer contributions¹ rates for fiscal year 2018-2019 are as follows:

SCRS

Employer Class Two 14.41% of earnable compensation

Employer Class Three 14.41% of earnable compensation

Employer Incidental Death Benefit 0.15% of earnable compensation

State ORP

Employer Contribution 14.41% of earnable compensation²

Employer Incidental Death Benefit 0.15% of earnable compensation

PORS

Employer Class Two 16.84% of earnable compensation

Employer Class Three 16.84% of earnable compensation

Employer Incidental Death Benefit 0.20% of earnable compensation

Employer Accidental Death Program 0.20% of earnable compensation

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

² Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

Employer Contributions

The University's proportionate share was calculated on the basis of employer contributions actually remitted to SCRS and PORS for the fiscal year ended June 30, 2018 by employer and nonemployer contributions appropriated in the State's budget. Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service and employer contributions paid by employees in connection with early retirement.

The following table provides the employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported:

		<u>The University</u>	<u>The Authority</u>
Proportionate Share of Contributions for the fiscal year ended June 30, 2018			
	SCRS	\$ 27,232,781	\$ 45,598,463
	Allocated nonemployer contributions	\$ 2,615,340	\$ 3,888,038
	Total contributions	<u>\$ 29,848,121</u>	<u>\$ 49,486,501</u>
	PORS	\$ 521,550	\$ 409,141
	Allocated nonemployer contributions	\$ 34,002	\$ 28,198
	Total contributions	<u>\$ 555,552</u>	<u>\$ 437,339</u>

Allocation Percentage of Proportionate Shares of Collective Pension Amounts as of June 30, 2018

SCRS	2.124130%	3.521688%
PORS	0.247147%	0.194558%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability (TPL) determined in accordance with GASB No. 67 less that System's fiduciary net position. The components of the net pension liability of the participating employers of SCRS and PORS at June 30, 2018 are as follows:

	<u>SCRS</u>	<u>PORS</u>
Total Pension Liability	\$ 48,821,730,067	\$ 7,403,972,673
Plan Fiduciary Net Position	\$ 26,414,916,370	\$ 4,570,430,247
Employer's Net Pension Liability	\$ 22,406,813,697	\$ 2,833,542,426

Plan Fiduciary net position as a % of the TPL	54.1%	61.7%
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The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The University's and Authority's respective portions of the net pension liability of the plans are as follows:

		<u>The University</u>	<u>The Authority</u>
Portion of Collective Net Pension Liability			
	SCRS	2.124130%	3.521688%
	PORS	0.247147%	0.194558%
Proportionate Share of Net Pension Liability			
	SCRS \$	475,949,829	\$ 789,097,981
	PORS \$	7,003,017	\$ 5,512,877
Total net pension liability		<u>\$ 482,952,846</u>	<u>\$ 794,610,858</u>

For the year ended June 30, 2019, the University recognized pension expense of \$54,319,155 and \$863,541 related to the SCRS and PORS pension plans, respectively. The Authority recognized pension expense of \$87,406,725 and \$587,242 related to the SCRS and PORS pension plans, respectively.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2018 total pension liability, net pension liability, and sensitivity information were determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted accounting principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2018.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions		
Investment rate of return	7.25%	7.25%
Includes inflation at	2.25%	2.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lessor of 1% or \$500 annually	lessor of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2018 total pension liability are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following section discusses the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or a 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$28,631,746,951	\$22,406,813,697	\$17,956,582,707
PORS	\$3,819,969,291	\$2,833,542,426	\$2,025,575,990

The following tables present the sensitivity of the University's and the Authority's net pension liability calculated using the discount rate of 7.25 percent, as well as what the University's and the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	<u>The University</u>	<u>The Authority</u>
SCRS		
1.00% Decrease (6.25%)	\$ 608,175,499	\$ 1,008,320,684
Current Discount Rate (7.25%)	\$ 475,949,829	\$ 789,097,981
1.00% Increase (8.25%)	\$ 381,421,143	\$ 632,374,748

PORS		
1.00% Decrease (6.25%)	\$ 9,440,942	\$ 7,432,047
Current Discount Rate (7.25%)	\$ 7,003,017	\$ 5,512,877
1.00% Increase (8.25%)	\$ 5,006,152	\$ 3,940,916

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members which is approximately 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. See the following table for deferred outflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Outflows of Resources		
SCRS		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 859,148	\$ 1,424,418
Assumption Changes	18,883,027	31,306,995
Net Difference Between Projected and Actual Earnings on Pension Plan Investments (Investment Experience)	7,560,472	12,534,838
Changes in Proportion and Difference Between Contributions and Proportionate Share of Contributions	17,595,179	14,038,733
Contributions for fiscal year end 06/30/2019 - SCRS	33,681,940	59,481,342
PORS		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 215,774	\$ 169,861
Assumption Changes	461,743	363,491
Net Difference Between Projected and Actual Earnings on Pension Plan Investments (Investment Experience)	140,044	110,244
Changes in Proportion and Difference Between Contributions and Proportionate Share of Contributions	22,158	16,733
Contributions for fiscal year end 06/30/2019 - PORS	588,901	507,295
Total	<u>\$ 80,008,386</u>	<u>\$ 119,953,950</u>

See the following table for deferred inflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Inflows of Resources		
SCRS		
Net Difference Between Expected and Actual Experience in Total Pension Liability (TPL)	\$ 2,800,833	\$ 4,643,623
Net Difference in Deferred amounts from changes in Proportionate Share and differences between Employer Contributions & Proportionate Share of Total Plan Employer Contributions	—	610,580
PORS		
Changes in Proportion and Difference Between Contributions and Proportionate Share of Contributions	\$ 195,881	\$ 430,728
Total	<u>\$ 2,996,714</u>	<u>\$ 5,684,931</u>

Contributions received after the measurement date of \$34,270,841 for the University and \$59,988,637 for the Authority will be recorded as a reduction of the net pension liability during the year ended June 30, 2020. The remaining net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years ended June 30, and thereafter is as follows:

	<u>The University</u>	<u>The Authority</u>
SCRS		
2020	\$ 26,027,819	\$ 38,232,243
2021	17,547,115	22,890,897
2022	(1,025,764)	(5,992,086)
2023	(452,177)	(1,080,274)
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 42,096,993</u>	<u>\$ 54,050,780</u>
PORS		
2020	\$ 375,439	\$ 207,907
2021	237,113	119,529
2022	26,603	(63,505)
2023	4,683	(34,329)
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 643,838</u>	<u>\$ 229,602</u>

University Medical Associates

University Medical Associates maintains several defined contribution pension plans established under the authority of Internal Revenue Code Section 401A. The plan titled "the UMA Retirement Plan" covering all UMA employees provides for contributions by UMA in such amounts as the Board of Directors may annually determine. The plan prohibits participant contributions except for rollovers from other qualified retirement plans. Current year contributions are based upon a three-tier percentage determined by the participant's compensation as follows: (a) eleven percent of compensation up to \$40,000, (b) fourteen percent of compensation from \$40,001 to \$80,000, and (c) twenty-five percent of compensation from \$80,001 to \$244,000. Effective January 1, 2015 all new participants to the plan will receive contributions based on the following three-tier percentages determined by the participant's compensation: (a) five percent of compensation up to \$40,000, (b) eight percent of compensation up to \$80,000, and (c) fifteen percent of compensation up to \$250,000. The maximum annual contribution for FY 2019 per participant is \$51,000 for existing participants and \$30,700 for participants hired on or after January 1, 2015. Participants become fully vested in their accounts after five years of credited service. Total contributions to this plan for fiscal year 2019 were \$33,377,699, net of forfeitures of \$1,627,885.

UMA employees may also participate in an IRC Section 403(b) plan sponsored by UMA for which no employer contributions are made. The participants are fully vested in their contributions to the 403(b) plan at all times.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The South Carolina Public Employee Benefit Authority (PEBA), described in note 6 - Pension Plans, administers the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF).

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the SCRHITF and the SCLTDITF, were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA - Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA - Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA - Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2018 was 5.50 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premium structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For the purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA - Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA - Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2018. The SCLTDITF premium is billed monthly by PEBA - Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2018 totaled \$474,304,318. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of negative \$511,143 for the plan.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when

earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA - Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA - Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA - Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

The following table provides the employer contributions used in the determination of employers' proportionate shares of collective OPEB amounts reported:

		The University	The Authority
Proportionate Share of Contributions for the fiscal year ended June 30, 2018			
SCRHITF	Total employer contributions	\$ 15,240,056	\$ 22,641,916
	Contributions from nonemployer contributing entities	3,436,410	5,105,422
	Total contributions	<u>\$ 18,676,466</u>	<u>\$ 27,747,338</u>
SCLTDITF	Total employer contributions	\$ 164,072	\$ 225,020
	Contributions from nonemployer contributing entities	—	—
	Total contributions	<u>\$ 164,072</u>	<u>\$ 225,020</u>

Allocation Percentage of Proportionate Shares of Collective OPEB Amounts as of June 30, 2018

SCRHITF	3.213139%	4.773711%
SCLTDITF	2.253208%	3.090212%

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2018:

	SCRHITF	SCLTDITF
Total OPEB Liability	\$ 15,387,115,010	\$ 39,261,091
Plan Fiduciary Net Position	\$ 1,216,530,062	\$ 36,199,863
Employer's Net OPEB Liability	\$ 14,170,584,948	\$ 3,061,228
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.91%	92.20%

The University's and Authority's respective portions of the net OPEB liability of the plans are as follows:

	The University	The Authority
Portion of Collective Net OPEB Liability		
SCRHITF	3.213139%	4.773711%
SCLTDITF	2.253208%	3.090212%
Proportionate Share of Net OPEB Liability		
SCRHITF \$	455,320,591	\$ 676,462,772
SCLTDITF \$	68,976	\$ 94,598

For the year ended June 30, 2019, the University recognized OPEB expense of \$26,702,269 and \$180,743 related to SCRHITF and SCLTDITF OPEB plans, respectively. The Authority recognized OPEB expense of \$40,308,206 and \$247,942 related to SCRHITF and SCLTDITF plans, respectively.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan Investment expense; including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base table based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of Plan Investment expense; including inflation
Single Discount Rate:	3.91% as of June 30, 2018
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit projections
Notes:	The discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

Long-term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S.Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

Single Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.91% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.62%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the

year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	Current Single Discount Rate		
	1.00% Decrease (2.62%)	(3.62)%	1.00% Increase (4.62%)
SCRHITF Net OPEB Liability	\$16,694,310,371	\$14,170,584,948	\$12,136,262,451

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	Current Healthcare Cost		
	1.00% Decrease	Trend Rate	1.00% Increase
SCRHITF Net OPEB Liability	\$11,660,103,553	14,170,584,948	\$17,416,172,438

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.91%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	Current Single Discount Rate		
	1.00% Decrease (2.91%)	(3.91)%	1.00% Increase (4.91%)
SCLTDITF Net OPEB Liability	\$4,574,989	\$3,061,228	\$1,583,837

The following tables present the sensitivity of the University's and the Authority's net OPEB liability calculated using the discount rate of 3.62 percent, as well as what the University's and the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower (2.62 percent) or 1.00 percent higher (4.62 percent) than the current rate for SCRHITF and using the discount rate of 3.91 percent, as well as what the University's and the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower (2.91 percent) or 1.00 percent higher (4.91 percent) than the current rate for SCLTDITF.

	The University		The Authority	
SCRHITF				
1.00% Decrease (2.62%)	\$	536,411,397	\$	796,938,131
Current Discount Rate (3.62%)	\$	455,320,591	\$	676,462,772
1.00% Increase (4.62%)	\$	389,954,982	\$	579,350,096
SCLTDITF				
1.00% Decrease (2.91%)	\$	103,084	\$	141,377
Current Discount Rate (3.91%)	\$	68,976	\$	94,598
1.00% Increase (4.91%)	\$	35,687	\$	48,944

The following table presents the sensitivity of the University's and the Authority's net OPEB liability calculated using the healthcare cost trend rates if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher than the current rate.

	The University		The Authority	
SCRHITF				
1.00% Decrease (5.75%)	\$	374,655,335	\$	556,619,646
1.00% Increase (7.75%)	\$	559,605,829	\$	831,397,739

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual earnings on OPEB plan investments is amortized using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided

OPEB through the OPEB plan (active and inactive members) which is a closed five-year period. The first year of amortization is recognized as OPEB expense with the remaining years shown as a deferred outflow or resources. See the following table for deferred outflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Outflows of Resources		
SCRHITF		
Net Difference Between Projected and Actual Experience	\$ 6,820,908	\$ 10,133,718
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments (Investment Experience)	1,745,876	2,593,821
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Contributions	551,553	4,771,044
Contributions for fiscal year end 06/30/2019 - SCRHITF	17,309,811	27,666,748
SCLTDITF		
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments (Investment Experience)	40,069	54,953
Contributions for fiscal year end 06/30/2019 - SCLTDITF	166,371	232,191
Total	<u>\$ 26,634,588</u>	<u>\$ 45,452,475</u>

The difference between the expected and actual experience in total OPEB liability, assumption changes and the outstanding inflow balance between employer contributions and proportionate share of plan contributions are amortized over 5 years. See the following table for deferred inflows of resources for the University and the Authority:

	<u>The University</u>	<u>The Authority</u>
Deferred Inflows of Resources		
SCRHITF		
Net Difference Between Expected and Actual Experience in Total OPEB Liability (TOPEBL)	\$ 158,646	\$ 235,699
Assumption Changes	37,076,832	55,084,477
Outstanding Inflow Balance Between Employer Contributions & Proportionate Share of Plan Contributions	5,220	7,706
SCLTDITF		
Net Differences Between Projected and Actual Investment Experience	\$ 4,218	\$ 5,785
Assumption Changes	4,494	6,163
Outstanding Inflow Balance Between Employer Contributions & Proportionate Share of Plan Contributions	4,889	6,170
Total	<u>\$ 37,254,299</u>	<u>\$ 55,346,000</u>

Contributions received after the measurement date of \$17,476,182 for the University and \$27,898,939 for the Authority will reduce the net OPEB liability during the year ended June 30, 2020. The remaining net amount of deferred outflows of resources and deferred inflows of resources that will be recognized in OPEB expense during the next five years ended June 30, and thereafter is as follows:

	The University		The Authority	
SCRHITF				
	2020	\$ (5,348,271)	\$	(7,308,786)
	2021	(5,348,271)		(7,308,786)
	2022	(5,348,271)		(7,308,786)
	2023	(5,535,226)		(7,586,543)
	2024	(5,831,479)		(8,026,680)
	Thereafter	(710,843)		(289,718)
Net Balance of Deferred Outflows/(Inflows) of Resources		\$ (28,122,361)	\$	(37,829,299)
SCLTDITF				
	2020	\$ 9,720	\$	13,388
	2021	9,720		13,388
	2022	9,720		13,388
	2023	4,800		6,640
	2024	(1,527)		(2,037)
	Thereafter	(5,965)		(7,932)
Net Balance of Deferred Outflows/(Inflows) of Resources		\$ 26,468	\$	36,835

University Medical Associates

Plan Description

UMA sponsors the Retiree Benefit Plan for Employees of University Medical Associates (the Plan), a single-employer defined benefit healthcare plan administered through an irrevocable trust agreement adopted by the UMA Board with an effective date of June 26, 2008. The trust meets the definition of a qualifying trust as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Plan may be amended by future actions of the UMA Board of Directors. The Plan, which has a June 30 year-end, issues a separate stand-alone financial report which may be obtained by sending requests to the Controller, University Medical Associates, 1180 Sam Rittenberg Blvd., Suite 335, Charleston, SC 29407.

Benefits Provided

The Plan provides continuation of medical, dental and prescription drug benefits for retirees and their dependents. Benefits are provided through UMA's self-insured health plan and administered by a third-party administrator. This coverage is considered primary until age 65 or until the employee is covered under Medicare, at which time it becomes the secondary payer.

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	45
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	39
Total	84

A participant is eligible to receive coverage under the Plan upon satisfying the following criteria:

- Employees hired before 2002 are eligible for coverage at the later of age 62 and completion of 15 years of service.
- Employees hired after 2001 are eligible for coverage after attainment of age 62 and completion of 20 years of service.
- Disabled employees with 15 years of service (20 if hired after 2001) are eligible for coverage if approved by an appropriate Group LTD carrier of Social Security.

Effective January 22, 2015, employees hired on or after January 1, 2015 are not eligible to participate in the Plan and will not receive any Plan benefits. Effective June 30, 2016, employees who attained age 55 or completed twenty years of service after June 30, 2016 are not eligible to participate in the Plan and will not receive any Plan benefits. An individual who was eligible after June 30, 2016 and retired on or prior to June 30, 2016 remains eligible for Plan benefits. Coverage is provided for the lifetime of the participant. Coverage is also provided to spouses of retirees who are currently receiving benefits. If a retiree predeceases his/her spouse, coverage for the surviving spouse continues for life of the widower/widow.

Contributions

The contributions of Plan members and UMA are established each year by action of the UMA Board pursuant to changes in the healthcare environment to ensure its self-insured healthcare plan remains viable. Eligible retirees are required to pay monthly premiums

as follows depending on coverage: Retiree only-\$200; Retiree and Spouse-\$391. Employer contributions are determined by actuarially determined rates.

Net OPEB Liability (Asset)

UMA's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2018. The following table represents the components of the net OPEB liability as of June 30, 2019:

Total OPEB Liability	\$	5,169,338
Plan Fiduciary Net Position	\$	5,150,732
Net OPEB Liability (Asset)	\$	18,606

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation rate	2.30 percent annual increase
Salary increases	2.00 percent, compounded annually
Investment rate of return	5.50 percent, compounded annually
Discount rate	5.50 percent
Municipal bond rate	3.50 percent
Healthcare cost trend rates	Medical Pre-65 retirees: 6.8 percent for 2018 decreasing gradually to 5.10 percent in 2024 Medical Post-65 retirees: 8.30 percent for 2018 decreasing gradually to 5.30 percent in 2025 Dental all retirees: 4.83 percent decreasing gradually to 4.78 percent in 2027

Mortality rates were based on the Healthy Pre-retirement-RP-2006 system tables with generational mortality improvements using scale MP-2017. Healthy Post-retirement-RP-2006 system tables with generational mortality improvements using scale MP-2017. Disabled Retirement Participants-RP-2006 system tables with generational mortality improvements using scale MP-2017.

The actuarial assumptions used in the June 30, 2019 valuation were based on the reconstructed results of prior actuaries. A new actuarial experience study will be completed once they have at least three years of data for the period January 2017-December 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	47%	5.70%
International Developed	13%	6.50%
International Emerging	3%	7.00%
Fixed Income	34%	4.36%
Cash	3%	2.61%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that UMA contributions will be made at rates equal to current benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Analysis

The following presents the net OPEB liability (asset) of the Plan, calculated using the discount rate of 5.50 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.50 percent) or one percentage point higher (6.50 percent) than the current rate:

	1.00% Decrease (4.50%)	Discount Rate (5.50%)	1.00% Increase (6.50%)
Net OPEB Liability (Asset)	\$ 757,914	\$ 18,606	\$ (595,529)

The following presents the net OPEB liability (asset) of the Plan, calculated using the current healthcare cost trend rates as well as the Plan's net OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1.00% Decrease	Current Trend Rate	1.00% Increase
Net OPEB Liability (Asset)	\$ (655,213)	\$ 18,606	\$ 823,020

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, UMA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	—	85,799
Total	\$ —	\$ 85,799

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30		
2020	\$	(26,161)
2021		(26,161)
2022		(26,162)
2023		(7,315)
Net balance of Deferred Outflows(Inflows) of Resources	\$	(85,799)

8. DEFERRED COMPENSATION PLANS

Several voluntary deferred compensation plans are available to State employees and employees of its political subdivisions. Certain employees of the University and the Authority have elected to participate. The multiple-employer plans, created under Internal Revenue Code Section 415, specifically for 457, 401(k), and 403(b) plans, are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment, when they attain age 59 1/2 or as otherwise specified by the applicable plan and/or IRC regulation. Employees may also withdraw contributions prior to termination if they meet age requirements specified by the applicable plan and/or IRC regulation.

Certain employees have elected to participate in a Section 403(b) plan through a financial provider approved by the University. The University believes it is compliant with Internal Revenue Service regulations that went into effect January 1, 2009. The plan is administered by various unrelated financial institutions, four of which are institutions who are contracted to provide the PEBA State ORP defined contribution plans.

Employees of Carolina Primary Care Physicians, P.A. (CPCP) and Carolina Health Management Services (CHMS), component units of UMA, participate in a deferred compensation plan under Internal Revenue Code Section 401(k) which allows employees to defer up to \$24,000 of compensation annually. The employer makes safe-harbor contributions for all employees of four percent of compensation up to \$275,000. The employer will match dollar for each dollar saved by the employee up to four percent of eligible pay. All employee and employer safe-harbor contributions are 100% vested at the time of contribution. Employer matching contributions vest ratably over a 5-year period. Total employer contributions to this plan for the fiscal year ending June 30, 2019 were \$1,808,062.

9. COMMITMENTS, CONTINGENCIES AND LITIGATION

The various federal programs administered by the University for fiscal year 2019 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined, but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University and UMA are involved in a number of legal proceedings and claims with various parties which arose in the normal course of business and cover a wide range of matters including medical malpractice and faculty contracts. In the opinion of management, the outcome of the legal proceedings and claims is not expected to have a material adverse effect on the financial positions of the entities.

The University had outstanding commitments related to capital projects of \$33,193,967 at June 30, 2019. The University anticipates funding these projects out of current resources, proceeds from debt issuances, private gifts, federal capital grants, special appropriations, and state capital improvement bond proceeds.

10. PAYABLES AND ACCRUED LIABILITIES

The following table reflects the payables and accrued liabilities as of June 30, 2019:

	The University	UMA	Nonmajor Enterprise Fund CHS
Accounts payable	\$ 13,085,691	\$ 8,451,849	\$ —
Retainages	44,656	—	—
Accrued payroll and related liabilities	17,444,580	41,193,255	—
Accrued Interest	986,075	169,205	117,675
Medicaid supplemental reimbursement, net	4,852,508		
Other	200,288	3,079,723	—
	<u>\$ 36,613,798</u>	<u>\$ 52,894,032</u>	<u>\$ 117,675</u>

11. LONG TERM LIABILITIES

University and Blended Component Units

Long term liability activity for the year ended June 30, 2019 for the University and its blended component units was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<u>The University</u>					
State institution bonds payable	\$ 43,430,000	\$ —	\$ (4,090,000)	\$ 39,340,000	\$ 4,245,000
Revenue bond payable	23,765,000	—	(1,370,000)	22,395,000	1,430,000
Energy Note Payable	—	30,000,000	—	30,000,000	—
Capital leases payable	82,116	7,456	(32,541)	57,031	27,001
Compensated absences payable	27,544,898	17,576,997	(16,640,321)	28,481,574	16,640,321
Premium on state institution bond	2,862,763	—	(421,921)	2,440,842	360,395
Premium on revenue bond	1,877,489	—	(278,135)	1,599,354	258,800
Total University long-term liabilities	99,562,266	47,584,453	(22,832,918)	124,313,801	22,961,517
Interfund payables	10,842,661	—	(1,432,675)	9,409,986	1,496,448
Due to component unit	41,578,247	—	(836,435)	40,741,812	903,791
Federal loan program liability	12,990,413	376,866	(178,502)	13,188,777	—
Pension Liability	466,168,244	55,182,696	(38,398,094)	482,952,846	—
OPEB Liability	434,684,135	39,118,121	(18,412,689)	455,389,567	—
Total University long term liabilities	1,065,825,966	142,262,136	(82,091,313)	1,125,996,789	25,361,756
<u>University Medical Associates</u>					
Variable rate demand bonds	62,085,000	—	(1,700,000)	60,385,000	3,500,000
Term loan payable	2,211,709	—	(2,211,709)	—	—
Fixed rate revenue bond	10,375,000	—	(1,355,000)	9,020,000	1,390,000
Capital leases payable	686,619	—	(389,779)	296,840	296,840
MUHA minority interest in MUSC Health	643,933	8,029	—	651,962	—
Compensated absences payable	3,995,063	8,854,948	(7,601,156)	5,248,855	3,149,313
OPEB Liability	—	18,606	—	18,606	—
Total UMA long-term liabilities	79,997,324	8,881,583	(13,257,644)	75,621,263	8,336,153
Fair value of derivative instruments	1,223,038	3,124,957	—	4,347,995	—
Total UMA long term liabilities	81,220,362	12,006,540	(13,257,644)	79,969,258	8,336,153
<u>Nonmajor Enterprise Fund</u>					
CHS Development Company					
Notes payable	12,040,000	—	(1,580,000)	10,460,000	1,620,000
Total CHS long term liabilities	12,040,000	—	(1,580,000)	10,460,000	1,620,000
Grand total	<u>\$1,159,086,328</u>	<u>\$154,268,676</u>	<u>\$ (96,928,957)</u>	<u>\$1,216,426,047</u>	<u>\$ 35,317,909</u>

Major Discretely Presented Component Unit

Long term liability activity for the year ended June 30, 2019 for the Authority was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Medical University Hospital Authority					
GNMA mortgage backed securities (Series 2012)	\$ 284,705,464	\$ —	\$ (15,330,158)	\$ 269,375,306	\$ 15,786,989
GNMA mortgage backed securities (Series 2013)	38,411,400	—	(2,266,413)	36,144,987	2,355,226
GNMA mortgage backed securities (Series 2016)	147,004,008	86,962,166	—	233,966,174	7,288,255
Mortgage Note Series 2018A	—	36,454,355	(304,720)	36,149,635	612,090
Wells Fargo note payable	7,106,324	—	(1,407,582)	5,698,742	1,457,566
Everbank Commercial Finance note payable	858,793	—	(426,028)	432,765	432,765
Bridge loan	—	129,000,000	—	129,000,000	—
Capital leases payable	13,062,666	69,165,429	(7,033,265)	75,194,830	5,706,396
Total Authority long-term liabilities	491,148,655	321,581,950	(26,768,166)	785,962,439	33,639,287
Pension Liability	786,017,635	87,993,964	(79,400,741)	794,610,858	—
OPEB liability	641,598,965	62,295,114	(27,336,709)	676,557,370	—
Other liabilities	9,656,070	2,426,755	—	12,082,825	—
Total Authority long term liabilities	<u>\$1,918,765,255</u>	<u>\$471,871,028</u>	<u>\$(133,505,616)</u>	<u>\$2,257,130,667</u>	<u>\$ 33,639,287</u>

12. BONDS AND NOTES PAYABLE

Bonds Payable - University and Blended Component Units

The University's bonds payable at June 30, 2019 consisted of the following:

	Interest Rates	Maturity Dates	Balance June 30, 2019
State Institution Bonds:			
2011D series dated 03/01/2011	2.00 - 5.00%	03/01/2031	\$ 12,850,000
2012B refunding dated 05/01/2012	2.50 - 4.04%	04/01/2024	3,845,000
2016D refunding dated 03/01/2016	3.00 - 3.98%	04/01/2036	22,645,000
Total state institution bonds			<u>39,340,000</u>
Refunding Revenue Bonds:			
2017 series dated 04/11/2017	3.00 - 5.00%	10/1/2030	22,395,000
			<u>\$ 61,735,000</u>

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of the annual debt service requirement for the payment of principal and interest on State Institution Bonds. SC Code of Laws section 59-107-90 states that the maximum amount of annual debt service on state institution bonds for each institution shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition fees designated for debt service for the preceding year were \$6,579,681 which resulted in a legal debt margin at June 30, 2019, of \$5,921,213.

The scheduled maturities of the State Institution Bonds are as follows:

Year Ending June 30,	State Institution Bonds		
	Principal	Interest	Total
2020	\$ 4,245,000	\$ 1,676,713	\$ 5,921,713
2021	2,485,000	1,464,463	3,949,463
2022	2,610,000	1,340,213	3,950,213
2023	2,725,000	1,209,713	3,934,713
2024	2,835,000	1,089,663	3,924,663
2025 - 2029	11,540,000	3,792,844	15,332,844
2030 - 2034	9,755,000	1,324,100	11,079,100
2035 - 2037	3,145,000	142,200	3,287,200
	<u>\$ 39,340,000</u>	<u>\$ 12,039,909</u>	<u>\$ 51,379,909</u>

For the year ended June 30, 2019, the University made principal payments of \$4,090,000 and interest payments of \$1,881,213 related to the State Institution Bonds.

On April 11, 2017, the University issued \$25,115,000 of Refunding Revenue Bonds (2017 refunding) at a premium (net of the underwriter's discount) of \$2,237,352. The net proceeds were used to advance refund the \$27,080,000 principal balance of Higher Education Revenue Bonds, Series 2006 issued in fiscal year 2007. The net proceeds (after payment of closing costs of \$161,571) were deposited into an irrevocable escrow fund with an escrow agent to pay the redemption price of the Refunded Bonds. Upon funding of the Escrow Funds, the Refunded Bonds will be legally defeased under the terms of the Bond Resolution. As a result, the aforementioned Higher Education Revenue Bond to the extent of the principal refunded is considered to be defeased and the liability for this bond has been removed from the Statement of Net Position.

As a result of the refunding, the University reduced its total debt service payments over the next fourteen years by approximately \$3,519,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,638,000.

The premium related to the Refunding Revenue Bonds, Series 2017 is being amortized over the fourteen year life of the issue using the effective interest method.

The scheduled maturities of the Refunding Revenue Bonds are as follows:

Year Ending	Refunding Revenue Bonds		
	Principal	Interest	Total
June 30,			
2020	\$ 1,430,000	\$ 918,994	\$ 2,348,994
2021	1,500,000	853,244	2,353,244
2022	1,565,000	784,119	2,349,119
2023	1,645,000	703,869	2,348,869
2024	1,730,000	619,494	2,349,494
2025 - 2029	9,965,000	1,785,594	11,750,594
2030-2031	4,560,000	142,189	4,702,189
	<u>\$ 22,395,000</u>	<u>\$ 5,807,503</u>	<u>\$ 28,202,503</u>

For the year ended June 30, 2019, the University made principal payments of \$1,370,000 and interest payments of \$982,144 related to the Refunding Revenue Bonds, Series 2017 during the year ended June 30, 2019.

On December 18, 2008, UMA issued Series 2008 South Carolina Jobs-Economic Development Authority Variable Rate Demand Bonds (Series 2008 Bonds) in the amount of \$62,085,000 in conjunction with the refunding of its 1994, 1997, 1999A and 1999B Select Auction Variable Rate Securities (SAVRS). The proceeds of the Series 2008 Bonds were used to fully redeem the 1999 A&B SAVRS and pay certain costs of issuance. The Series 2008 Bonds mature in various installments ranging from \$1,700,000 to \$3,900,000 beginning on July 1, 2019 with final maturity on July 1, 2037.

Payments relative to the Series 2008 Bonds were originally secured by, among other things, an irrevocable, direct-pay letter of credit (Credit Facility) issued by Wells Fargo Bank, NA (successor by merger to Wachovia Bank, NA) pursuant to a Reimbursement and Security Agreement between UMA and Wells Fargo dated December 1, 2008. The original Credit Facility was due to expire on December 18, 2011. Due to the upcoming initial expiration date of the Credit Facility, UMA requested that the South Carolina Jobs Economic Development Authority and the Bond trustee execute a mandatory tender for purchase of the Series 2008 Bonds and amend and restate the Master Trust Indenture to provide for the Index Rate Mode relative to the interest due on the Bonds. The transaction was executed on June 23, 2011. Following the amendment of the original Master Trust Indenture, the Bonds were reissued and purchased at par in the Index Rate Mode by Wells Fargo Bank, NA (Wells Fargo) pursuant to a Continuing Covenant Agreement dated June 23, 2011 between UMA and Wells Fargo. The original Credit Facility and the related Reimbursement and Security Agreement were terminated as of the closing of Wells Fargo's direct purchase of the reissued Bonds (Reissued Bonds).

Under the Index Rate Mode during the initial period, interest accruing to Wells Fargo is computed at 75% of the one-month LIBOR plus 0.88%. On August 18, 2016, the Reissued Bonds were restructured and extended the index interest rate period through August 18, 2021 with interest rates accruing to Wells Fargo computed at 75% of the one-month LIBOR plus 0.75% until August 18, 2021 in the Second Amended and Restated Series 2008 Bond Indenture. On August 18, 2021 the Reissued Bonds will be subject to mandatory tender by UMA. If not successfully remarketed on that date, all amounts outstanding will be due and payable on such tender date. On February 1, 2018, UMA was notified that under the Master Trust Indenture, the interest rate on the reissued bonds was increasing to 91% of one-month LIBOR plus 0.91%, due to changes in the maximum corporate tax rate under the Tax Cuts and Jobs Act. On October 1, 2018, the Reissued Bonds were restructured again to reduce the impact of the Tax Cuts and Jobs Act to a market rate of 80% of one-month LIBOR plus 0.60%.

As of June 30, 2019, the annual effective variable interest rate incurred on the Reissued Bonds was 2.552%, determined in accordance with the Index Rate Mode formula described above. However, UMA has synthetically converted the overall interest cost to a rate that, because of the structure of the payer-side arrangement, is a near fixed rate proxy using derivative financial instruments as described below.

As security for repayment of the Reissued Bonds and other obligations issued under the Bond Indenture and Master Trust Indenture (as amended and restated on June 23, 2011), UMA has granted to the master trustee a security interest in its Pledged Assets, subject to permitted liens and subject to the right of the Members of the Obligated Group to transfer property, plant and equipment and cash and investments free of the security interest created in the Pledged Assets under certain specified circumstances as further set forth in the Master Trust Indenture. Pledged Assets consist of the UMA Receipts of each Member of the Obligated Group (as defined, which currently consists solely of UMA). "UMA Receipts" means all accounts and assignable general intangibles of each Member of the Obligated Group, now owned or hereafter acquired, and all proceeds thereof and therefrom whether cash or noncash; excluding, however, (a) gifts, grants, bequests, donations, contributions, charitable pledges, or other contract or property rights to any Member of the Obligated Group heretofore or hereafter made, and the income and gains and other proceeds derived therefrom, to the extent any of the foregoing are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Trust Indenture or on any obligations; (b) mandatory transfers to MUSC and MUSCF; (c) transfers under the ambulatory care and primary care agreements; and (d) non-UMA revenues. All obligations issued under the Master Trust Indenture are secured *pari passu* by the security interest in the Pledged Assets created by the Master Trust Indenture including a Leasehold Mortgage and Security Agreement under which, among other things, UMA grants to the Master Trust a leasehold mortgage and security interest in its rights under tan in respect of the Rutledge Tower lease and subleases as well as a first mortgage on the Parkshore Center property acquired in 2015. The Members of the Obligated Group are also subject to certain covenants under the Master Trust Indenture restricting, among other things, incurrence of indebtedness, existence of liens, consolidation or merger and disposition of assets. UMA is currently the only Member of the Obligated Group.

The Reissued Bonds were issued pursuant to a resolution by the South Carolina Jobs-Economic Development Authority in order to obtain tax-exempt status for the interest payments to the bond holders and reduce the total interest costs. These Bonds are subject to compliance with the arbitrage regulations of the Internal Revenue Code.

The original proceeds of the Series 2008 Bonds and the Wells Fargo Term Loan (described in the Notes Payable section) were used in fiscal 2009 to advance refund outstanding SAVRS direct note obligations, terminate previous swap agreements and pay issue costs. The refunding transaction resulted in a loss of \$26,736,722 which was amortized over the shorter life of the refunded debt that is the period ending on May 15, 2027, using the effective interest method.

The mandatory tender of the Series 2008 Bonds and the direct purchase of the Reissued Bonds executed on June 23, 2011, as described above, were accounted for as a refunding transaction under GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. The proceeds of \$62,085,000 from the direct purchase of the Reissued Bonds by Wells Fargo were used, along with \$314,542 of UMA's cash, to advance refund outstanding Series 2008 South Carolina Jobs Economic Development Authority Variable Rate Revenue Bonds of \$62,085,000, to pay accrued interest of \$1,462 and issue costs of \$313,080. This refunding resulted in an economic loss of \$7,341,936 and an increase in cash flows of \$9,807,716 due to decreased interest costs. The deferred loss on refunding resulting from the most recent refunding, together with the unamortized difference from the previous refunding described in the preceding paragraph, in the total amount of \$22,346,892, are being amortized over the original amortization period remaining from the previous refunding, i.e. the period ending on May 15, 2027, using the effective interest method.

UMA has entered into an interest rate swap agreement with Wells Fargo to modify interest rates on the Reissued Bonds. The swap related to the Reissued Bonds limits the impact of fluctuations in the LIBOR by converting the variable interest rate paid on the Bonds into a rate equal to 2.7028% plus 13% of the one-month LIBOR. The Bonds swap agreement was entered into on December 5, 2008 with an effective date of December 18, 2008, and matures on July 1, 2037. The notional amount as of June 30, 2019 is \$60,385,000 which equals the principal outstanding. Under the Reissued Bonds swap agreement, UMA pays Wells Fargo a fixed interest payment of 2.1028% and receives a variable payment equal to 67% of the one-month LIBOR. The variable rate in effect at June 30, 2019 was 1.6115%.

The Reissued Bonds swap agreement is considered an investment derivative instrument under GASB Statement No. 53 as of June 30, 2019. The previously established hedging relationship between the original Series 2008 Bonds and the related interest rate swap was discontinued in connection with the refunding transaction executed on June 23, 2011. At that time, the deferred inflows associated with the hedging derivative instrument of \$1,696,000 were included in the calculation of the loss on the refunding transaction in accordance with GASB Statement No. 23. Following the refunding, the existing swap, which was not terminated in connection with the refunding, was associated with the Reissued Bonds and proven to constitute an effective hedging derivative instrument under GASB Statement No. 53 until the January 1, 2018 when the tax law changes no longer made this an effective hedging instrument. Accordingly, changes in the swap's fair value since the time it was associated with the Reissued Bonds are being reported as a change in investment income. The fair value of the swap at the time of the refunding is being amortized as an adjustment of deferred inflows/outflows and interest expense on a straight-line basis over the remaining life of the swap.

As of June 30, 2019, the fair value of the Reissued Bonds swap agreement was a negative (\$4,347,995). The fair value was estimated by independent financial advisors using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Consistent with the guidance provided by GASB Statement No. 53, the negative fair value of the Reissued Bonds swap agreement has been recorded on the Statement of Net Position as a noncurrent liability since the swap is considered an investment derivative instrument. The increase in the fair value of the Series 2008 Bonds' cash flow swap during fiscal year 2019 of \$3,122,215 is recognized in investment income in these financial statements.

UMA is exposed to counterparty credit risk in the amount of the derivative's fair value. Wells Fargo Bank, counterparty to this swap, is rated Aa2 by Moody's Investor Services, and AA by Standard & Poor's as of June 30, 2019. Should the estimated termination value of the Series 2008 Bonds swap or the Term Loan swap, which is discussed in the Notes Payable section of this note, (assuming their early termination) become negative to UMA, UMA will be required to post collateral with the swap counterparty in the form of cash or

negotiable debt securities of the U.S. Treasury Department pursuant to amendments to the International Swaps and Derivatives Association Credit Support Annex dated June 9, 2015. As of June 30, 2019, UMA has posted collateral totaling \$4,500,000 under this requirement.

Interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable borrowing rate on the bonds is called "basis risk." UMA is subject to this basis risk on the Reissued Bonds as of June 30, 2019 as the indexed variable rate is 67% of the one month LIBOR and the actual market-determined borrowing rate is 80% of the one-month LIBOR plus 0.60%.

The Reissued Bonds swap derivative contract incorporates the International Swap Dealers Association Master Agreement ("Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. UMA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. UMA may also terminate the swap at its discretion upon two business days notice to the counterparty. If the swap were terminated, the variable rate debt would no longer carry a synthetic interest rate. In addition, if at the time of the termination the swap has a negative fair value, UMA would generally be liable to the counterparty for a payment equal to the swap's fair value. Conversely, if the fair value is positive at termination, UMA would generally receive a payment from the counterparty.

Using rates as of June 30, 2019, debt service requirements of UMA's Reissued South Carolina Jobs-Economic Development Authority Variable Rate Demand Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, the variable-rate notes interest payments and the net swap payments will vary.

Reissued SC JEDA Variable Rate Demand Bonds				
<u>Ending June 30,</u>	Principal	Interest	Swap Payment, Net	Total Debt Service
2020	\$ 3,500,000	\$ 1,451,705	\$ 279,476	\$ 5,231,181
2021	2,925,000	1,377,059	265,105	4,567,164
2022	2,525,000	1,312,621	252,700	4,090,321
2023	2,600,000	1,246,269	239,926	4,086,195
2024	2,635,000	1,179,024	226,981	4,041,005
2025 - 2029	14,505,000	4,803,248	924,700	20,232,948
2030 - 2034	16,645,000	2,793,547	537,802	19,976,349
2035 - 2039	15,050,000	589,895	113,565	15,753,460
	—	—	—	—
Totals	<u>\$ 60,385,000</u>	<u>\$ 14,753,368</u>	<u>\$ 2,840,255</u>	<u>\$ 77,978,623</u>

On June 9, 2015, UMA issued Series 2015 South Carolina Jobs-Economic Development Authority Fixed Rate Revenue Bonds (Series 2015 Bonds) in the amount of \$14,175,000 to finance a portion of the \$28.4 million purchase of the Parkshore Center office building which houses the Revenue Cycle, Information Systems, and certain Authority personnel. The Series 2015 Bonds are secured by the same Master Trust Indenture as the Reissued Bonds and the assignment of all lease payments due from the Authority under a related lease agreement. The Series 2015 Bonds mature in various monthly installments ranging from \$70,000 to \$135,000 beginning on July 1, 2015 with final maturity on June 2, 2025 and bear interest at 3.35% per annum after the change due to the Tax Cuts and Jobs Act.

<u>Fiscal Year</u>	Reissued SC JEDA Fixed Rate Revenue Bonds		
<u>Ending June 30,</u>	Principal	Interest	Total Debt Service
2020	\$ 1,390,000	\$ 270,497	\$ 1,660,497
2021	1,435,000	247,140	1,682,140
2022	1,490,000	195,381	1,685,381
2023	1,525,000	141,998	1,666,998
2024	1,560,000	77,981	1,637,981
2025	1,620,000	31,104	1,651,104
Totals	<u>\$ 9,020,000</u>	<u>\$ 964,101</u>	<u>\$ 9,984,101</u>

Mortgage Backed Securities - Major Discretely Presented Component Unit

On December 19, 2012, the Authority refinanced its 2004 Series A and B bonds with Government National Mortgage Agency (GNMA) mortgage backed securities (MBS) (Series 2012). The annual interest rate associated with the GNMA MBS (Series 2012) is a fixed 2.94%. The scheduled maturities of the Authority's GNMA MBS (Series 2012) are as follows:

Fiscal Year Ending	GNMA MBS (Series 2012)		
<u>June 30,</u>	Principal	Interest	Total
2020	\$ 15,786,989	\$ 7,708,032	\$ 23,495,021
2021	16,257,432	7,237,589	23,495,021
2022	16,741,894	6,753,127	23,495,021
2023	17,240,793	6,254,228	23,495,021
2024	17,754,558	5,740,463	23,495,021
2025-2029	97,031,379	20,443,726	117,475,105
2030-2034	88,562,261	5,417,818	93,980,079
Total	<u>\$ 269,375,306</u>	<u>\$ 59,554,983</u>	<u>\$ 328,930,289</u>

On December 30, 2013, the Authority refinanced its 2004 Central Energy Plant Economic Development Revenue Bonds (CEP Series 2004 bonds) with Government National Mortgage Agency (GNMA) mortgage backed securities (MBS) (Series 2013). The annual interest rate associated with the GNMA MBS (Series 2013) is a fixed 3.85%. The scheduled maturities of the Authority's GNMA MBS (Series 2013) are as follows:

Fiscal Year Ending	GNMA MBS (Series 2013)		
<u>June 30,</u>	Principal	Interest	Total
2020	\$ 2,355,226	\$ 1,350,311	\$ 3,705,537
2021	2,447,520	1,258,017	3,705,537
2022	2,543,430	1,162,107	3,705,537
2023	2,643,099	1,062,438	3,705,537
2024	2,746,673	958,864	3,705,537
2025-2029	15,434,733	3,092,952	18,527,685
2030-2032	7,974,306	363,148	8,337,454
Total	<u>\$ 36,144,987</u>	<u>\$ 9,247,837</u>	<u>\$ 45,392,824</u>

On November 17, 2016, the Authority closed on a \$316.4 million mortgage insured by HUD through the Federal Housing Administration's (FHA's) Section 242 Hospital Mortgage Insurance Program. The principal amount of the mortgage will bear interest at 3.59% and will be amortized over 25 years. As of June 30, 2019, the Authority received \$234 million in net mortgage proceeds (after payment of \$5.2 million in issuance costs) and made monthly payments of interest only on the principal balance. The first principal payment will be due August 2019. The scheduled maturities are as follows:

Fiscal Year Ending	GNMA MBS (Series 2016)		
<u>June 30,</u>	Principal	Interest	Total
2020	7,288,255	10,303,736	17,591,991
2021	8,228,773	10,962,490	19,191,263
2022	8,529,096	10,662,167	19,191,263
2023	8,840,379	10,350,884	19,191,263
2024	9,163,023	10,028,240	19,191,263
2025-2029	51,219,448	44,736,867	95,956,315
2030-2034	61,109,658	34,846,657	95,956,315
2035-2039	73,105,380	22,850,935	95,956,315
2040	6,482,162	1,168,487	7,650,649
Total	<u>\$ 233,966,174</u>	<u>\$ 155,910,463</u>	<u>\$ 389,876,637</u>

On October 15, 2018, The Authority closed on a \$36.4 million mortgage note series 2018A with United Community Bank. The principal amount of the mortgage will bear interest at 4.32% and will be amortized over 5 years. The schedule of maturities are as follows:

Fiscal Year Ending	Series 2018A		
<u>June 30,</u>	Principal	Interest	Total
2020	612,090	1,577,701	2,189,791
2021	643,626	1,546,165	2,189,791
2022	672,283	1,517,508	2,189,791
2023	702,217	1,487,574	2,189,791
2024	33,519,419	734,084	34,253,503
Total	\$ 36,149,635	\$ 6,863,032	\$ 43,012,667

On February 21, 2019, the Authority closed on a \$129 million Bridge Loan with TD Bank. The principal amount of the loan will bear interest at 3.21%. Interest only payments on this outstanding principal balance shall be paid monthly. The entire unpaid principal balance shall be due and payable on the maturity date of February 24, 2020.

Notes Payable - University and Blended Component Units

On February 21, 2019, the Board of Trustees approved a resolution authorizing the University to use the South Carolina Master Lease Program for the purpose of financing the costs of purchasing and implementing energy conservation measures that will benefit the University with the understanding that the debt service payments will be generated from the associated energy savings. Pursuant to this resolution, the University borrowed \$30,000,000 from TD Equipment Finance during fiscal year 2019. There were no principal payments related to this note for fiscal year 2019.

The scheduled maturities of the energy note payable are as follows:

Year Ending	TD Equipment Finance, Inc. Energy Note		
<u>June 30,</u>	Principal	Interest	Total
2020	\$ —	\$ —	\$ —
2021	—	979,361	979,361
2022	948,312	1,989,769	2,938,081
2023	2,123,662	814,420	2,938,082
2024	2,186,074	752,008	2,938,082
2025 - 2029	11,932,657	2,757,753	14,690,410
2030 - 2034	12,809,295	901,754	13,711,049
	<u>\$ 30,000,000</u>	<u>\$ 8,195,065</u>	<u>\$ 38,195,065</u>

UMA has a line of credit with Wells Fargo Bank with a maximum borrowing limit of \$10 million, on which UMA could draw for working capital. The loan bears interest at the 30-day LIBOR plus .75% and is secured by all unrestricted accounts receivable. During fiscal year 2019, there were no advances under this line of credit, and there was no outstanding balance as of June 30, 2019. In June 2019, this line of credit expired and was renewed with basically the same terms through June 18, 2020.

On November 1, 2003, the South Carolina Jobs-Economic Development Authority issued Economic Development Revenue Bonds (CHS Development Company Project) Series 2003 (CHS Series 2003 Bonds) in the amount of \$32,985,000 with final maturity on January 1, 2025. Interest rates range from 3 percent to 5 percent. The proceeds were loaned to CHS Development Company and used to finance the renovation and equipping of the old Charleston High School to accommodate approximately 40,000 square feet of classroom and office space, the construction and equipping of an adjacent building consisting of approximately 40,000 square feet of additional classroom and office space, the construction of an adjacent parking garage, and the construction of approximately 10,000 square feet of mixed use retail/services space. The renovated high school building, the new adjacent building, and the parking garage are leased to the University. Pursuant to the loan agreement, CHS is obligated to make payments in amounts sufficient to pay the principal and interest on the bonds and certain other fees and expenses. Payment of principal and interest on the bonds is insured under a financial guaranty insurance policy.

On December 21, 2012, the South Carolina Jobs-Economic Development Authority issued Economic Development Refunding Revenue Bonds (CHS Development Company Project) Series 2012 (CHS Series 2012 Bonds) in the amount of \$19,290,000. After deducting the related closing costs of \$312,747.35, the net proceeds of the CHS Series 2012 Bonds of \$18,977,252.65 along with \$6,080,447.35 of cash held by the trustee of the CHS Series 2003 Bonds was deposited in escrow for the purpose of redeeming all of the outstanding principal and accrued interest of the CHS Series 2003 Bonds. Subsequently, on January 1, 2013, the CHS Series 2003 Bonds were fully redeemed. This refunding resulted in an accounting loss of \$610,399 which has been deferred and will be amortized over the pre-refunding remaining life of the refinanced obligation using the effective interest method. As a result of this refunding, CHS reduced its total debt service payments over the next twelve years by approximately \$3,468,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,081,000.

Effective August 1, 2014, the CHS Series 2012 Bonds were converted to tax-exempt status. The sole impact of this tax-exempt conversion was to lower the annual interest rate (effective August 1, 2014 forward) on all then-outstanding bonds to 2.25%.

The scheduled maturities of the CHS Series 2012 bonds (including the impact of the lowered interest rate) are as follows:

Fiscal Year Ending June 30,	SC JEDA Refunding Revenue Bonds - CHS Series 2012		
	Principal	Interest	Total
2020	\$ 1,620,000	\$ 235,350	\$ 1,855,350
2021	1,670,000	198,900	1,868,900
2022	1,720,000	161,325	1,881,325
2023	1,765,000	122,625	1,887,625
2024	1,815,000	82,913	1,897,913
2025	1,870,000	42,075	1,912,075
Total	<u>\$ 10,460,000</u>	<u>\$ 843,188</u>	<u>\$ 11,303,188</u>

During the year ended June 30, 2019, CHS paid \$1,580,000 in principal and \$253,125 in interest related to these bonds.

Notes Payable - Major Discretely Presented Component Unit

In April 2013, the Authority entered into a \$13.8 million equipment lease/purchase agreement with Wells Fargo Bank, NA for the purpose of obtaining energy conservation equipment for the Authority's central energy plant. This 10-year note bears an annual interest rate of 3.50%.

Fiscal Year Ending June 30,	Wells Fargo note		
	Principal	Interest	Total
2020	\$ 1,457,566	\$ 180,464	\$ 1,638,030
2021	1,509,254	128,776	1,638,030
2022	1,562,775	75,255	1,638,030
2023	1,169,147	20,178	1,189,325
Total	<u>\$ 5,698,742</u>	<u>\$ 404,673</u>	<u>\$ 6,103,415</u>

On January 26, 2018, the Authority entered into a \$1 million equipment agreement with Everbank Commercial Finance, Inc. to acquire information technology equipment. The terms are through October 2019 with an interest rate of 5.29%.

Fiscal Year Ending June 30,	Everbank Commercial Finance note		
	Principal	Interest	Total
2020	\$ 432,765	\$ 21,707	\$ 454,472
Total	<u>\$ 432,765</u>	<u>\$ 21,707</u>	<u>\$ 454,472</u>

On February 21, 2019, the Authority closed on a \$129 million Bridge Loan with TD Bank to fund the Asset Purchase Agreement with Community Health System. The principal amount of the loan will bear interest at 3.21%. Interest only payments on the outstanding principal balance shall be paid monthly. The entire unpaid principal balance shall be due and payable on the maturity date of February 24, 2020.

The Authority borrowed \$120.0 million in revenue anticipation notes from Wells Fargo and will use the proceeds of the loans to defray the payment of a portion of the operating the payment of a portion of the operating expenses and expenditures to be made in connection and operation of the acquired Carolina Hospital System.

Short term liability activity for the year ended June 30, 2019 for the Authority was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Medical University Hospital Authority					
Revenue Anticipation Note Series 2019A	\$ —	\$ 55,000,000	\$ —	\$ 55,000,000	\$ 55,000,000
Revenue Anticipation Note Series 2019B	—	35,000,000	—	35,000,000	35,000,000
Revenue Anticipation Note Series 2019C	—	30,000,000	—	30,000,000	30,000,000
Total Authority short term liabilities	<u>\$ —</u>	<u>\$120,000,000</u>	<u>\$ —</u>	<u>\$ 120,000,000</u>	<u>\$120,000,000</u>

13. LEASE OBLIGATIONS

The University's future commitments for capital leases and for operating leases having remaining noncancelable terms in excess of one year as of June 30, 2019, are as follows:

On the Statement of Net Position, the University's capital leases with blended component units are reported as interfund payables and the capital leases with the discretely presented component unit are reported as due to component unit.

Fiscal Year Ending June 30,	Capital Leases with			Operating Leases with			Total Operating Leases
	Blended Component Units	Discretely Presented Component Unit	External Entities	Blended Component Unit	Discretely Presented Component Units	External Entities	
2020	\$ 1,877,316	\$ 4,058,863	\$ 29,489	\$ 2,199,943	\$ 3,243,669	\$ 3,769,318	\$ 9,212,930
2021	1,877,316	4,058,863	14,626	2,178,875	2,016,298	2,967,540	7,162,713
2022	1,877,316	4,058,863	8,588	2,178,875	1,995,174	1,651,115	5,825,164
2023	1,877,316	4,058,863	4,257	2,150,138	1,632,406	1,316,692	5,099,236
2024	1,877,316	4,058,863	4,232	1,145,803	913,691	787,631	2,847,125
2025 - 2029	1,251,547	20,294,316	—	—	—	3,661,114	3,661,114
2030 - 2034	—	20,294,316	—	—	—	231,497	231,497
2035 - 2039	—	19,279,601	—	—	—	—	—
2040 - 2044	—	—	—	—	—	—	—
Total minimum lease payments	10,638,127	80,162,548	61,192	\$ 9,853,634	\$ 9,801,238	\$ 14,384,907	\$ 34,039,779
Less interest	(1,228,141)	(39,420,737)	(4,161)				
Present value of minimum lease payments	\$ 9,409,986	\$ 40,741,811	\$ 57,031				

On October 18, 2018, The University sold an office building and parking garage. The University will leaseback the building and the garage for a period of one year and after this one year period, it will leaseback 62.40% of the parking garage for a period of ten years. Due to this sale-leaseback, the University has deferred gain of \$3,812,274 and will amortize this deferred gain over the 10 year life of the parking garage lease. The lease payments are included in the above schedule.

Operating Leases

The University's noncancelable operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Total operating lease expense in fiscal year 2019 for the University was \$7,925,992. Included in this amount and pursuant to an operating lease agreement with the Authority that covers space each entity uses in real property owned by the other entity, the University paid the Authority \$1,064,286.

As discussed in Note 16 and Note 17, for the year ended June 30, 2019, the University had certain other operating leases with related parties.

University Medical Associates leases facilities and equipment under operating leases expiring at various dates. Rent expense under these various agreements was \$6,493,182 in fiscal year 2019.

The future minimum lease payments under UMA non-cancelable operating leases with initial or remaining terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Operating Leases with		Total Operating Leases
	Discretely-Presented Component Units	External Entities	
2020	\$ 4,623,960	\$ 4,488,982	\$ 9,112,942
2021	4,464,791	3,861,775	8,326,566
2022	4,433,067	2,632,454	7,065,521
2023	4,054,897	1,710,587	5,765,484
2024	2,645,702	1,371,075	4,016,777
2025 - 2029		4,091,586	4,091,586
2030 - 2035		999,915	999,915
Total	\$ 20,222,417	\$ 19,156,374	\$ 39,378,791

UMA subleases various properties to the University, the Authority, and external parties. Under these lease agreements for the fiscal year ended June 30, 2019, UMA received rent of \$5,923,501, composed of \$2,183,991 from the University, \$3,716,649 from the Authority, and \$137,810 from external parties.

The minimum rentals to be received under noncancelable leases with remaining terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Operating Leases with			Total Operating Leases
	University	Discretely-Presented Component Unit	External Entities	
2020	\$ 2,180,659	\$ 3,697,644	\$ 137,810	\$ 6,016,113
2021	2,178,875	3,655,091	113,217	5,947,183
2022	2,178,875	3,655,091	—	5,833,966
2023	2,150,138	3,362,435	—	5,512,573
2024	1,145,803	2,171,415	—	3,317,218
2025 - 2029	—	1,470,000	—	1,470,000
Totals	\$ 9,834,350	\$ 18,011,676	\$ 251,027	\$ 28,097,053

Capital Leases

Capital leases are generally payable in monthly installments from current resources. Certain University capital leases provide for renewal and/or purchase options. Generally, purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

A portion of the Strom Thurmond Biomedical Research Center has been subleased to the United States Department of Veterans Affairs for a period of 20 years at an annual rent of \$1,264,670.

Monthly payments are made to a financial institution as trustee under a capital lease with CHS Development Company for the CHS building, an adjacent office building, and a parking garage.

In fiscal year 2009, the University entered into capital lease agreements with MUSCF for a parking garage and two office buildings. The amount recorded as buildings related to these properties was \$47.2 million. During fiscal year 2019, the University made principal payments of \$836,435 and interest payments of \$3,222,428 related to these capital lease agreements with MUSCF.

The column in the University capital and operating lease schedule titled Capital Leases with Blended Component Unit reflects the repayment schedule for the capital lease with CHS, and the column titled Capital Leases with Discretely Presented Component Unit reflects the repayment schedule for the capital leases with MUSCF.

The following is a summary of the carrying value of all assets held by the University associated with capital leases at June 30, 2019:

	Capital Leases with		
	Blended Component Unit	Discretely Presented Component Unit	External Entities
Equipment	\$ —	\$ —	\$ 148,633
Buildings	91,632,764	47,200,000	—
Total cost	91,632,764	47,200,000	148,633
Less accumulated depreciation	(55,678,698)	(16,126,667)	(95,791)
Carrying value	\$ 35,954,066	\$ 31,073,333	\$ 52,842

On January 9, 1995, UMA prepaid MUSCF \$37 million in connection with the acquisition of Rutledge Tower from Bon Secours St. Francis Hospital. This facility is used to house ambulatory care clinics, administrative offices and space subleased to others and includes a parking garage. The lease term originally expired on June 30, 2027, but was extended to July 1, 2037 in connection with the fiscal year 2009 refunding of certain acquisition indebtedness. The lease is renewable for successive five-year terms. This prepayment was allocated based upon appraised values as follows: (a) cost of land was recorded as prepaid rent, (b) cost of buildings and fixed equipment was recorded as building under capital lease, and (c) cost of other equipment was recorded as equipment under capital lease. In October 2003, MUSCF sold a portion of the property subject to this lease agreement and refunded \$1,000,000 of the prepaid rent attributable to the agreement. These amounts are being amortized on a straight-line basis over the useful lives of 10 years for the equipment and 39.5 years for the prepaid land rent and building. Rent expense of \$338,226 and depreciation expense of \$474,224 was recorded for the year ending June 30, 2019.

The following schedule reflects the remaining basis of assets acquired under this capital lease as of June 30, 2019.

Description	Capitalized Cost	Accumulated Depreciation	Carrying Value
Prepaid rent - MUSCF	\$ 19,052,400	\$ (12,814,331)	\$ 6,238,069
Building under capital lease	13,989,600	(11,618,485)	2,371,115
Equipment under capital lease	2,958,000	(2,958,000)	—
Totals	\$ 36,000,000	\$ (27,390,816)	\$ 8,609,184

14. STATE APPROPRIATIONS

The Medical University of South Carolina is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the University receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 23 and 24 of Part IA of the 2018-2019 Appropriation Act. The following schedule is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2019.

Non-capital appropriations

Current year appropriations:

Original appropriation per Annual Appropriations Act:

Designated for the University	\$ 78,446,265
Designated for telemedicine program	4,000,000
Designated for Adult Burn Unit	3,000,000

Other appropriations:

STEM equipment appropriation	246,521
Designated for Helipad	101,720

State Budget and Control Board Allocations:

For employer share of health and dental insurance	603,008
For SCRS & PORS .50% rate increase	508,102

Interagency transfers:

From Commission on Higher Education:

Academic Endowment	36,314
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Appropriation Transfers from the Department of Health and Human Services:

Disproportionate Share	18,628,621
Maxillofacial	225,086

Total non-capital appropriations recorded as current year revenue	<u>\$ 105,795,637</u>
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Capital Appropriations

Capital Renewal Plan	\$ 3,500,000
Total capital appropriations recorded as current year revenue	<u>\$ 3,500,000</u>

Capital Improvement and Research Infrastructure bonds are issued by the State to fund improvements and expansion of various State facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenses have been incurred. In fiscal year 2019, the University did not receive any research infrastructure bond proceeds.

The telemedicine program, rural hospital transformation, disproportionate share, and maxillofacial appropriations were designated for the Authority. The University paid the amounts received for these items to the Authority during fiscal year 2019.

15. INCOME TAXES

The University, as a political subdivision of the State of South Carolina, is exempt from federal and state income taxes. The income of the University is exempt under Section 115(1) of the Internal Revenue Code, as amended. However, in certain cases, revenue may be generated from activities that are not related to the University's tax-exempt purpose. These activities could result in unrelated business income and, if so, would be subject to tax and filing requirements according to Internal Revenue Code Section 511(a)(2)(B). The University timely filed its report of unrelated business activity (Form 990-T) with the Internal Revenue Service for the year ending June 30, 2018. No tax liability from unrelated business activities was reported in fiscal year 2018. The University does not believe it will incur a material income tax liability for fiscal year 2019 from its unrelated business activities; therefore, no tax provision has been recorded for fiscal year 2019.

UMA is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code as an organization described in 501(c)(3). As such, UMA is generally not subject to federal or state income taxes. However, UMA remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. The blended component units of UMA have cumulative unused net operating losses totaling \$5,552,433 that may be offset against future taxable income of the respective companies. These net operating loss carry-forwards will expire as follows if not used: \$1,022,511 in 2020, \$3,626 in 2021, \$1,369,632 in 2022, \$606,307 in 2023, \$1,887,013 in 2036, \$325,320 in 2037, \$177,217

in 2038, and \$160,807 in 2039. Current year income tax expense resulted from income taxes on unrelated business income for transactions between UMA and its taxable subsidiaries and investment income from a joint venture in CPCP. No associated deferred tax assets have been recognized in these financial statements due to the uncertainty regarding future taxable income of the taxable component units.

16. BLENDED COMPONENT UNITS

The following is a summary of the receivables and payables between and among the University and the blended component units at June 30, 2019.

	Due From	Due To
The University		
University Medical Associates - Due to other funds - current		\$ 37,933,250
CHS Development Company - Interfund payables - current		\$ 1,496,448
CHS Development Company - Interfund payables - noncurrent		\$ 7,913,538
University Medical Associates		
The University - Due from other funds - current	\$ 37,933,250	
Nonmajor Enterprise Fund		
CHS Development Company		
The University - Interfund receivables - current	\$ 1,496,448	
The University - Interfund receivables - noncurrent	\$ 7,913,538	

University Medical Associates

Revenue from the activities of University Medical Associates is available to pay its operating expenses and support activities of the academic departments at the Medical University of South Carolina including faculty and staff compensation. Any excess may be paid to the University or retained within UMA for future use. Pursuant to this practice, UMA provided support to the University totaling \$76,292,342 for the year ended June 30, 2019. This support is reported as interfund transfers.

On April 20, 2003, the University and UMA entered into an agreement whereby UMA will provide patient care to Medicaid recipients in appropriate clinical and educational settings. The University will reimburse UMA in an amount equal to the supplemental payment made to the University by the South Carolina Department of Health and Human Services (SC DHHS). Payments to the University from SC DHHS are made in accordance with a South Carolina Medicaid Plan amendment which provides reimbursement for the inherent inefficiencies of providing care to Medicaid patients while instructing medical students. For the fiscal year ended June 30, 2019, the University reported revenue of \$78,831,746 from SC DHHS and an expense to UMA of \$78,831,746. The South Carolina Medicaid Plan is an important source of patient care funding for UMA. There can be no assurance that UMA will continue to qualify for future participation in the South Carolina Medicaid Plan or that the Plan will not ultimately be discontinued or materially modified. Any material reduction in the funding received from the Plan would have a correspondingly material adverse effect on UMA's operations.

UMA amounts due from the University as of June 30, 2019, were as follows:

Description	Amount
Agency fund amount in excess of prepaid	\$ 50,000
Rental property related costs	98,487
Supplemental Medicaid payments	37,464,212
Salary reimbursements	429,456
Other	(108,905)
Net due from the University	\$ 37,933,250

The above amount is reflected on the Statement of Net Position as Due from other funds.

The physicians of UMA practice medicine at the Authority facilities and perform various services under several cooperative agreements which resulted in the net payment from the Authority to UMA of \$82,016,070 during the fiscal year ended June 30, 2019. This amount

includes various salary reimbursement arrangements as well as the ambulatory patient care and clinical education and other agreements discussed below.

UMA and the Authority have entered into an agreement whereby UMA will be reimbursed an annual fixed amount for providing an environment for ambulatory and community based primary care clinical education and research for University residents and students. UMA will also be reimbursed for applicable shared costs of their joint revenue cycle operations. In addition, UMA shall be entitled to reimbursement for, but not limited to: expenses for facilities necessary to perform this agreement, personnel costs, insurance, necessary supplies and equipment and necessary capital improvements. The parties agree each year to an estimated budget to be paid ratably over the year to UMA as reimbursement of its costs. The following reflects the activity reported under this agreement for the fiscal year ended June 30, 2019:

Revenues:

Ambulatory Care and Authority revenue cycle support	\$ 5,855,881
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Operating Expenses:

Ambulatory Care and Authority revenue cycle support	(4,494,861)
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Interest expense allocated to Agreement	(1,356,864)
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Loss on sale of fixed assets	(4156)
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Change in net position	<u>\$ —</u>
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UMA has entered into a managed care contract and reimbursement agreement with the Authority. UMA performs services regarding managed care operations for the Authority and its affiliates, including arranging for contracts with various third party payors. The agreement is renewed annually and may be terminated, by either party, 30 days prior to the expiration of the term in effect. All costs from these operations of the managed care services are shared as follows: UMA (40%), MUSC Health Partners (MHP), a blended unit of UMA (10%), and the Authority (50%). For the year ended June 30, 2019, of total managed care costs of \$608,909, the Authority and MHP shared expenses of \$304,455 and \$60,891, respectively.

UMA also provides billing and collection services to the Authority related to certain limited clinical services, for which UMA receives an administrative fee. Total billings by UMA for these services were \$51,226,161 in fiscal year 2019. During fiscal year 2019, the amounts collected and remitted by UMA to the Authority with respect to these billings amounted to approximately \$6,079,828, net of administrative fees of \$782,361.

UMA amounts due from the Authority as of June 30, 2019, were as follows:

Description	Amount
Ambulatory care and Authority revenue cycle support	\$ 422,628
Psychiatry clinical enterprise agreement	(758,446)
Patient receivables	(29,887)
Salary reimbursements	(463,765)
Managed care contract	13,638
Rental expenses	56,279
Due to MUHA - RHN/RHN Settlement	(6,367,890)
Other receivables	3,012,272
Other payables	(3,957,023)
Net amount due to the Authority	<u>\$ (8,072,194)</u>

CHS Development Company

On November 1, 2003, CHS Development Company entered into a ground lease agreement with the Medical University of South Carolina Foundation (MUSCF) as part of a plan of financing the development of the former Charleston High School property for use by the University. The ground lease required CHS to prepay rent of \$3,140,000 to MUSCF. The prepayment is being amortized on a straight line basis over 20 years. Amortization expense of \$156,349 was recorded for the year ended June 30, 2019, leaving an unamortized balance of \$551,761. The lease terminates on the earlier of December 1, 2035, or the date that the related bonds are paid in full. On November 1, 2003, CHS also entered into a lease agreement with the University. Under the terms of the agreement, the University will lease from CHS the site and all improvements thereon, including the buildings. The term of the lease began on March 1, 2005 and ends on January 1, 2025. During fiscal year 2019, CHS recognized interest income of \$441,641 associated with its capital lease with the University.

During fiscal year 2019, CHS transferred \$24,186 to the University as reimbursement for costs incurred in financing the CHS project.

17. DISCRETELY PRESENTED COMPONENT UNITS

Only MUSCF and MFRD report under Financial Accounting Standards Board (FASB) standards. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net asset with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors.

Revenues are reported as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

MFRD recognizes grant and contract revenue based upon work performed at the reporting date under specific contract terms. License fee and royalty income is recognized based on agreement milestones. MFRD recognizes revenue from registration and seminar fees once the event is complete.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Medical University Hospital Authority

Effective June 16, 2000, the University and the Authority entered into an affiliation agreement which outlines the availability of facilities, use of house staff, and insurance coverage. The affiliation agreement has been renewed several times since June 2000. The most recent renewal is effective from July 1, 2018 through June 30, 2019.

The University billed the Authority \$132,000,681 during the fiscal year ended June 30, 2019 for the use of interns and residents, professional services of the College of Medicine, physical plant, rent, public safety, and other administrative and financial services. The University incurred expenses to the Authority of approximately \$3,400,000 during the fiscal year ended June 30, 2019 for rent, various administrative and support services.

At June 30, 2019, the net amount due the University from the Authority was \$14,188,572.

The Authority and the University entered into an agreement in fiscal year 2007 whereby the Authority will provide patient care to Medicaid and medically indigent patients, and appropriate clinical and educational settings for patient care, education and research to all residents and students of the University. In exchange for these services, the University will reimburse the Authority an amount equal to the appropriation transfer from the South Carolina Department of Health and Human Services. For the fiscal year ended June 30, 2019, the University reported State appropriations revenue of \$18,628,621 and an operating expense to the Authority of \$18,628,621. Since this payment relates directly or indirectly to patient care, the Authority has included this amount in net patient service revenue.

During fiscal year 2019, the University received \$7,000,000 in State appropriations designated for the Authority to be used for an adult burn unit, telemedicine programs and rural hospital transformation. This amount, which was paid by the University to the Authority during fiscal year 2019, is included in the University's State appropriation revenues and in the University's operating expenditures.

Medical University of South Carolina Foundation

The University provides office space and pays certain administrative costs for MUSCF which are reimbursed throughout the year. MUSCF provided support to the University for general and departmental expenses totaling \$20,062,998 in fiscal year 2019. The University recorded this revenue as gifts. In addition, the University received from MUSCF in fiscal year 2019, \$339,987 in donated capitalized equipment and \$314,309 in equipment and services expensed by the University. The amount due the University for gifts from MUSCF at June 30, 2019 was \$2,648,078.

During fiscal year 2019, MUSCF leased various properties via operating leases to the University, the Authority, and UMA. In addition, as described in Note 13, during fiscal year 2009, MUSCF entered into capital lease agreements with the University.

MUSCF has an agreement with the University which allows the University to make periodic deposits to MUSCF of the corpus of endowments received by the University primarily from the South Carolina Commission on Higher Education under the SmartState Centers of Economic Excellence program. MUSCF will provide earnings to the University at the investment earnings rate, net of investment fees, of the pooled investments of MUSCF. After the first twelve months held by MUSCF, the principal is due with thirty days written notice by the University. The balance owed under this agreement at June 30, 2019 is \$108,163,162 which includes accrued interest and realized and unrealized net gains and losses of \$16,893,463.

MUSCF acquired the Rutledge Tower building in 1993 and leased the properties to UMA. During April 1996, MUSCF's board of directors passed a resolution to transfer the title on Rutledge Tower and associated facilities to the University at the end of the lease term which is the later of (1) June 30, 2024, or (2) the date on which all principal of and premium, if any, and interest on the direct note obligations have been paid. This was considered a contribution by MUSCF, and was recorded by MUSCF as a contribution payable and contribution expense in 1996 at the value of the land, \$17,852,400. The buildings and equipment do not have a residual value at the end of the lease. The pledge has not been recorded by the University because the net realizable value is not readily determinable and because of the uncertainties created by the fact that the transfer will not be made until the end of the lease term.

MUSC Foundation for Research Development

MFRD has entered into an annual contract with the University to provide management services for research and intellectual property activities. The agreement incorporates the contractual obligations for the intellectual property activities and addresses insurance,

indemnity and other basic contractual obligations. Additionally, the agreement requires an annual accounting of the state property, personnel and resources used directly by MFRD, as well as reimbursement or demonstration that adequate in-kind reimbursement through provision of funds or services to the University has been made. The agreement provides for automatic annual renewal unless either party notifies the other six months prior to the renewal date. MFRD recognized support of \$1,400,000 related to this agreement during the fiscal year ended June 30, 2019.

The University has assigned the rights to certain intellectual property owned by the University to MFRD. MFRD incurs the cost of patent prosecution and commercialization of the intellectual property. Legal fees and other costs associated with patent prosecution are expensed as incurred as the future economic benefits are uncertain and not measurable.

As of June 30, 2019, the net amount due to the University from MFRD was \$340,979.

MUSC Strategic Ventures

The University does not have any agreements with MSV nor has it had any transactions with MSV during the fiscal year ended June 30, 2019. UMA provides general accounting and tax services to MSV. UMA also provides payroll and other expense reimbursement services to MSV personnel. MSV reimburses UMA for the cost of the payroll, including fringe benefits and other expenses.

18. RISK MANAGEMENT

The University and its component units are exposed to various risks of loss and maintain State or commercial insurance coverage for each of those risks except health, accident and dental insurance claims for UMA, which are self-insured. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
3. Claims of covered employees for health and dental insurance benefits (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

Employees elect health coverage either through a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following activities:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles and watercraft;
4. Torts;
5. Business interruptions;
6. Natural disasters;
7. Medical malpractice claims against covered clinics, hospitals, employees, and third- and fourth-year medical students.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through commercial insurers for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation as well as for Directors and Officers insurance. The University also obtains coverage through a commercial insurer for a second layer of professional liability insurance for certain practitioners practicing outside the State of South Carolina. The University also has policies which cover cyber risk.

UMA and its component units are exposed to various risks related to: torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. UMA, as the recognized clinical practice plan of the Medical University of South Carolina (MUSC), is granted statutory protection and recovery limitations for MUSC physicians' clinical activities. Pursuant to State law, these physicians are insured by the South Carolina Insurance Reserve Fund which is sustained through premiums paid by State agencies and governmental entities. For coverage of all other individuals and activities, UMA maintains coverage from commercial insurance companies. Management believes these coverages are sufficient to preclude any significant uninsured losses to UMA from risks that occur in normal and expected activities. Funds administered by the State of South Carolina or commercial insurance covers the following risks: 1) unemployment and worker's compensation benefits, 2) long-term disability benefits for employees, 3) theft of assets, 4) damage to property, and 5) tort liability claims including error and omissions. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits. Settlement amounts have not exceeded insurance coverage for the current or preceding three years. Insurance coverage has been consistently maintained over this period with no significant reductions in coverage.

UMA also purchases a portion of its medical malpractice insurance coverage for healthcare providers through the State's insurance enterprises, the Medical Malpractice Patients' Compensation fund and the Joint Underwriters Association, with the majority of practicing physicians being covered by the State Insurance Reserve Fund discussed above. UMA obtains employee fidelity bond insurance coverage through a commercial insurer for all employees for losses arising from theft or misappropriation.

UMA and its component units provide employee life and disability benefits through commercial insurance companies and have established an employee benefit plan to self-insure employees for health, accident, and dental expenses. UMA records an estimated liability for incurred but not reported claims for this self-insured plan based on estimates of the ultimate cost of reported claims using the gross method. This estimated claims liability is included in "Payables and accrued liabilities" on the Statement of Net Position. Changes in the incurred but not reported claims liability for fiscal years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Liability balance - beginning	\$ 1,416,471	\$ 1,351,816
Current year claims and changes in estimates	16,132,671	13,354,006
Claims payments	(15,754,808)	(13,289,351)
Liability balance - ending	<u>\$ 1,794,334</u>	<u>\$ 1,416,471</u>

19. OPERATING EXPENSES BY FUNCTION

Operating expenses of the University by functional classification for the year ended June 30, 2019 are as follows:

	Compensation and Employee Benefits	Services and Supplies	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 107,265,133	\$ 118,981,827	\$ 3,272	\$ 1,639,561	\$ —	\$227,889,793
Research	131,578,932	90,381,449	137,881	4,871,838	—	226,970,100
Public service	83,263,501	11,757,062	1,129	21,172	—	95,042,864
Academic support	40,117,622	20,349,941	9,109	930,173	—	61,406,845
Student services	7,578,000	2,044,546	—	133,589	—	9,756,135
Institutional support	65,422,465	30,381,942	142,725	—	—	95,947,132
Operation and maintenance of plant	21,941,460	17,394,422	11,144,657	2,151	37,385,635	87,868,325
Scholarships and fellowships	—	—	—	3,790,478	—	3,790,478
Auxiliary enterprises	4,133,026	8,263,841	398,450	3,667	—	12,798,984
	<u>\$ 461,300,139</u>	<u>\$ 299,555,030</u>	<u>\$ 11,837,223</u>	<u>\$ 11,392,629</u>	<u>\$ 37,385,635</u>	<u>\$821,470,656</u>

20. DONOR RESTRICTED ENDOWMENTS

Endowments are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized. The University's endowments require that the income be used for specific purposes. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established. Cumulative net realized and unrealized gains and losses, net of earned interest income, totaled \$16,893,463 at June 30, 2019.

In fiscal year 2019, the University received no additional funding from the South Carolina Commission on Higher Education for the SmartState Centers of Economic Excellence (COEE). This program funds endowed chair professorships, which are to be used "to recruit and maintain leading scientists and engineers at the senior research universities of South Carolina for the purpose of developing and leveraging the research capabilities of the universities for the creation of well-paying jobs and enhanced economic opportunities for the people of South Carolina." In addition to the COEE funding received in previous fiscal years, the University received, in fiscal year 2019, \$682,475 for other endowed purposes.

21. SUBSEQUENT EVENTS

The MUSC Shawn Jenkins Children's Hospital and Pearl Tourville Women's Pavilion will consist of a seven-story, 225-bed patient tower atop a four-story Diagnostic and Treatment podium. The \$390 million, 625,000 square foot design will include labor and delivery rooms, pediatric medical, neonatal intensive care, and ambulatory care clinics. The State appropriated \$35.75 million in fiscal years 2016 and 2017 towards the construction of the facility. The majority of the financing is through the Department of Housing and Urban Development's FHA Section 241 Mortgage Insurance Program and is scheduled to open October 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of University's & Authority's Proportionate Share of the Net Pension Liability to PEBA (Unaudited)

This schedule presents historical trend information about the University's & Authority's proportionate share of the net pension liability for its employees who participate in the PEBA plans. GASB Statement No. 68 was implemented in fiscal year 2015. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten year presentation.

	The University		The Authority	
As of June 30, 2014 Measurement Date				
South Carolina Retirement System (SCRS) Pension Plan				
Proportion (percentage) of the collective net pension liability		1.956775%		3.289184%
Proportionate share (amount) of the collective net pension liability	\$	336,891,856	\$	566,288,522
Covered payroll	\$	112,132,600	\$	259,311,350
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		300.44%		218.38%
Pension plan's fiduciary net position as a percentage of the total pension liability		59.90%		59.90%
Police Officers Retirement System (PORS) Pension Plan				
Proportion (percentage) of the collective net pension liability		0.256950%		0.219620%
Proportionate share (amount) of the collective net pension liability	\$	4,919,140	\$	4,204,542
Covered payroll	\$	3,068,668	\$	2,589,067
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		160.30%		162.40%
Pension plan's fiduciary net position as a percentage of the total pension liability		67.50%		67.50%
As of June 30, 2015 Measurement Date				
South Carolina Retirement System (SCRS) Pension Plan				
Proportion (percentage) of the collective net pension liability		1.972448%		3.377349%
Proportionate share (amount) of the collective net pension liability	\$	374,084,273	\$	640,530,521
Covered payroll	\$	114,377,211	\$	268,970,820
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		327.06%		238.14%
Pension plan's fiduciary net position as a percentage of the total pension liability		57.00%		57.00%
Police Officers Retirement System (PORS) Pension Plan				
Proportion (percentage) of the collective net pension liability		0.263390%		0.219170%
Proportionate share (amount) of the collective net pension liability	\$	5,740,685	\$	4,776,715
Covered payroll	\$	3,172,719	\$	2,692,311
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		180.94%		177.42%
Pension plan's fiduciary net position as a percentage of the total pension liability		64.60%		64.60%

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Schedule of University's & Authority's Proportionate Share of the Net Pension Liability to PEBA (continued)
(Unaudited)**

	The University		The Authority	
As of June 30, 2016 Measurement Date				
South Carolina Retirement System (SCRS) Pension Plan				
Proportion (percentage) of the collective net pension liability		2.016274%		3.471014%
Proportionate share (amount) of the collective net pension liability	\$	430,673,150	\$	741,403,467
Covered payroll	\$	121,431,238	\$	281,452,784
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		354.66%		263.42%
Pension plan's fiduciary net position as a percentage of the total pension liability		52.90%		52.90%
Police Officers Retirement System (PORS) Pension Plan				
Proportion (percentage) of the collective net pension liability		0.259410%		0.215130%
Proportionate share (amount) of the collective net pension liability	\$	6,579,971	\$	5,456,693
Covered payroll	\$	3,307,181	\$	2,730,140
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		198.96%		199.87%
Pension plan's fiduciary net position as a percentage of the total pension liability		60.40%		60.40%
As of June 30, 2017 Measurement Date				
South Carolina Retirement System (SCRS) Pension Plan				
Proportion (percentage) of the collective net pension liability		2.040436%		3.465263%
Proportionate share (amount) of the collective net pension liability	\$	459,334,957	\$	780,086,431
Covered payroll	\$	125,559,070	\$	287,923,152
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		365.83%		270.94%
Pension plan's fiduciary net position as a percentage of the total pension liability		53.30%		53.30%
Police Officers Retirement System (PORS) Pension Plan				
Proportion (percentage) of the collective net pension liability		0.249430%		0.216500%
Proportionate share (amount) of the collective net pension liability	\$	6,833,287	\$	5,931,204
Covered payroll	\$	3,359,012	\$	2,653,533
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		203.43%		223.52%
Pension plan's fiduciary net position as a percentage of the total pension liability		60.90%		60.90%

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Schedule of University's & Authority's Proportionate Share of the Net Pension Liability to PEBA (continued)
(Unaudited)

	The University		The Authority	
As of June 30, 2018 Measurement Date				
South Carolina Retirement System (SCRS) Pension Plan				
Proportion (percentage) of the collective net pension liability		2.124130%		3.521688%
Proportionate share (amount) of the collective net pension liability	\$	475,949,829	\$	789,097,981
Covered payroll	\$	128,724,334	\$	289,354,840
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		369.74%		272.71%
Pension plan's fiduciary net position as a percentage of the total pension liability		54.10%		54.10%
Police Officers Retirement System (PORS) Pension Plan				
Proportion (percentage) of the collective net pension liability		0.247147%		0.194558%
Proportionate share (amount) of the collective net pension liability	\$	7,003,017	\$	5,512,877
Covered payroll	\$	3,420,887	\$	2,631,752
Proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll		204.71%		209.48%
Pension plan's fiduciary net position as a percentage of the total pension liability		61.70%		61.70%

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Schedule of the University's & Authority's Contributions to PEBA
(Unaudited)**

This schedule presents historical trend information about the University's & Authority's contributions for its employees who participate in the PEBA plan. GASB Statement No. 68 was implemented in fiscal year 2015. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten year presentation.

The University's schedule of employer contributions for SCRS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$18,848,990	\$18,848,990	\$0	\$113,563,756	16.60%
2014	\$18,830,198	\$18,830,198	\$0	\$112,132,600	16.79%
2015	\$20,158,543	\$20,158,543	\$0	\$114,377,211	17.62%
2016	\$21,594,565	\$21,594,565	\$0	\$121,431,238	17.78%
2017	\$23,798,940	\$23,798,940	\$0	\$125,559,070	18.95%
2018	\$29,848,121	\$29,848,121	\$0	\$128,724,334	23.19%
2019	\$33,681,940	\$33,681,940	\$0	\$131,529,189	25.61%

The University's schedule of employer contributions for PORS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$366,488	\$366,488	\$0	\$2,979,578	12.30%
2014	\$396,816	\$396,816	\$0	\$3,068,668	12.93%
2015	\$437,581	\$437,581	\$0	\$3,172,719	13.79%
2016	\$454,407	\$454,407	\$0	\$3,307,181	13.74%
2017	\$478,323	\$478,323	\$0	\$3,359,012	14.24%
2018	\$555,552	\$555,552	\$0	\$3,420,887	16.24%
2019	\$588,901	\$588,901	\$0	\$3,415,898	17.24%

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Schedule of the University's & Authority's Contributions to PEBA (continued)
(Unaudited)

The Authority's schedule of employer contributions for SCRS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$27,997,059	\$27,997,059	\$0	\$264,123,194	10.60%
2014	\$31,652,157	\$31,652,157	\$0	\$259,311,350	12.21%
2015	\$34,516,724	\$34,516,724	\$0	\$268,970,820	12.83%
2016	\$37,175,029	\$37,175,029	\$0	\$281,452,784	13.21%
2017	\$40,417,627	\$40,417,627	\$0	\$287,923,152	14.04%
2018	\$45,587,108	\$45,587,108	\$0	\$289,354,840	15.76%
2019	\$59,481,342	\$59,481,342	\$0	\$318,346,955	18.68%

The Authority's schedule of employer contributions for PORS as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2013	\$349,962	\$349,962	\$0	\$2,845,220	12.30%
2014	\$339,175	\$339,175	\$0	\$2,589,067	13.10%
2015	\$364,104	\$364,104	\$0	\$2,692,311	13.52%
2016	\$376,835	\$376,835	\$0	\$2,730,140	13.80%
2017	\$415,179	\$415,179	\$0	\$2,653,533	15.65%
2018	\$405,164	\$405,164	\$0	\$2,631,752	15.40%
2019	\$507,295	\$507,295	\$0	\$2,942,547	17.24%

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Notes to Required Supplementary Information
(Unaudited)**

SCRS

Actuarial Valuation Date: Actuarially calculated contribution rates are calculated as of July 1, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level % of Pay
Amortization period as of the actuarial valuation date:	30-years variable, but not to exceed 30 years
Asset valuation method:	5-year Smoothed
Inflation:	2.25%
Investment Return:	7.50%
Salary Increases:	3.00% plus step-rate increases for members with less than 21 years of service.
Mortality:	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.
Comment on the development of the actuarially determined and actual contribution rate:	Contribution rate for fiscal year 2018 is determined in accordance with the Retirement System Funding and Administration Act of 2017.

PORS

Actuarial Valuation date: Actuarially calculated contribution rates are calculated as of July 1, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level % of Pay
Amortization period as of the actuarial valuation date:	30-years variable, but not to exceed 30 years
Asset valuation method:	5-year Smoothed
Inflation:	2.25%
Investment Return:	7.50%
Salary Increases:	3.50% plus step-rate increases for members with less than 15 years of service.
Mortality:	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.
Comment on the development of the actuarially determined and actual contribution rate:	Contribution rate for fiscal year 2018 is determined in accordance with the Retirement System Funding and Administration Act of 2017.

**Schedule of University's & Authority's Proportionate Share of the Net OPEB Liability to PEBA
(Unaudited)**

This schedule presents historical trend information about the University's & Authority's proportionate share of the net OPEB liability for its employees who participate in the PEBA plans. GASB Statement No. 75 was implemented in fiscal year 2018. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten year presentation.

	The University		The Authority	
As of June 30, 2017 Measurement Date				
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)				
Proportion (percentage) of the collective net OPEB liability		3.208923%		4.736447%
Proportionate share (amount) of the collective net OPEB liability	\$	434,643,365	\$	641,543,988
Covered payroll	\$	270,603,426	\$	399,417,088
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll		160.62%		160.62%
OPEB plan's fiduciary net position as a percentage of the total OPEB liability		7.60%		7.60%

South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)

Proportion (percentage) of the collective net OPEB liability		2.248796%		3.032425%
Proportionate share (amount) of the collective net OPEB liability	\$	40,770	\$	54,977
Covered payroll		N/A		N/A
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll		N/A		N/A
OPEB plan's fiduciary net position as a percentage of the total OPEB liability		95.29%		95.29%

As of June 30, 2018 Measurement Date

South Carolina Retiree Health Insurance Trust Fund (SCRHITF)

Proportion (percentage) of the collective net OPEB liability		3.213139%		4.773711%
Proportionate share (amount) of the collective net OPEB liability	\$	455,320,591	\$	676,462,772
Covered payroll	\$	277,091,923	\$	411,671,205
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll		164.32%		164.32%
OPEB plan's fiduciary net position as a percentage of the total OPEB liability		7.91%		7.91%

South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)

Proportion (percentage) of the collective net OPEB liability		2.253208%		3.090212%
Proportionate share (amount) of the collective net OPEB liability	\$	68,976	\$	94,598
Covered payroll		N/A		N/A
Proportionate share (amount) of the collective net OPEB liability as a percentage of its covered payroll		N/A		N/A
OPEB plan's fiduciary net position as a percentage of the total OPEB liability		92.20%		92.20%

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Schedule of the University's & Authority's Contributions to PEBA
(Unaudited)**

This schedule presents historical trend information about the University's & Authority's contributions for its employees who participate in the PEBA plan. GASB Statement No. 75 was implemented in fiscal year 2018. Information related to previous years is not available; therefore, trend information will be accumulated going forward to display a ten year presentation.

The University's schedule of employer contributions for SCRHITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$14,423,163	\$14,423,163	\$0	\$270,603,426	5.33%
2018	\$15,240,056	\$15,240,056	\$0	\$277,091,923	5.50%
2019	\$17,309,811	\$17,309,811	\$0	\$286,946,030	6.05%

The University's schedule of employer contributions for SCLTDITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$162,781	\$162,781	\$0	N/A	N/A
2018	\$164,072	\$164,072	\$0	N/A	N/A
2019	\$166,371	\$166,371	\$0	N/A	N/A

The Authority's schedule of employer contributions for SCRHITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$21,288,931	\$21,288,931	\$0	\$399,417,088	5.33%
2018	\$22,641,916	\$22,641,916	\$0	\$411,671,205	5.50%
2019	\$27,666,748	\$27,666,748	\$0	\$458,539,861	6.03%

The Authority's schedule of employer contributions for SCLTDITF as of June 30 is:

Year Ended June 30	Statutorily or Contractually Required Employer Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
2017	\$219,504	\$219,504	\$0	N/A	N/A
2018	\$225,020	\$225,020	\$0	N/A	N/A
2019	\$232,191	\$232,191	\$0	N/A	N/A

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

**Notes to Required Supplementary Information
(Unaudited)**

SCRHITF

Methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	4.00%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.62% as of June 30, 2018
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality Assumptions	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rates	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years.
Participation Assumptions	79% participation for retirees who are eligible for Funded Premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Roll-forward Disclosure:	The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

**Notes to Required Supplementary Information
(Unaudited)**

SCLTDITF

Methods and assumptions:

Actuarial cost method:	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	4.00%, net of plan investment expense, including inflation
Single Discount Rate	3.91% as of June 30, 2018
Salary, Termination Rates and Retirement Rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Disability Incidence	The disability incidence rates used in the LTD valuation are based on the rates developed for the pension plans.
Disability Recovery	For participants in payment, 1987 CGDT Group Disability For active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years.
Offsets	40% are assumed to be eligible for Social Security benefits. Assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Expenses	Third party administrative expenses are included in the benefit projections.

Other Information:

Notes	The single discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018.
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REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Changes in UMA's Net OPEB Liability and Related Ratios (In Thousands)
(Unaudited)**

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with current GASB standards, they should not be reported.

	Fiscal Year Ending June 30	Fiscal Year Ending June 30
	2019	2018
Total OPEB Liability		
Service Cost	\$ 31	\$ 22
Interest on total OPEB liability	284	288
Effect of economic/demographic (gains) or losses	—	273
Effect of assumption changes or inputs	—	617
Net prior year accrual	(43)	—
Benefit payments	(472)	(482)
Net change in total OPEB liability	(200)	718
Total OPEB liability, beginning	5,369	4,651
Total OPEB liability, ending (a)	\$ 5,169	\$ 5,369
Fiduciary Net Position		
Employer contributions	\$ —	\$ 297
Net investment income	318	420
Net prior year accrual	(43)	—
Benefit payments	(472)	(348)
Administrative expenses	(27)	(28)
Net change in plan fiduciary position	(224)	341
Fiduciary net position, beginning	5,375	5,034
Fiduciary net position, ending (b)	\$ 5,151	\$ 5,375
Net OPEB liability (asset), ending = (a) - (b)	\$ 18	\$ (6)
 Fiduciary net position as a % of total OPEB liability	99.64%	100.11 %
Covered payroll	\$ 2,765	\$ 2,498
Net OPEB liability (asset) as a % of covered payroll	0.67%	(0.24)%

See accompanying independent auditors' report.

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COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUND
JUNE 30, 2019

	CHS Development Company
<hr/>	
ASSETS	
Current Assets	
Prepaid Items	\$ 156,349
Restricted assets	
Cash and cash equivalents	702,759
Investments	810,604
Interfund receivables	1,496,448
Total current assets	<hr/> 3,166,160 <hr/>
Noncurrent Assets	
Restricted assets	
Interfund receivables	7,913,538
Prepaid Items	551,758
Total noncurrent assets	<hr/> 8,465,296 <hr/>
Total assets	<hr/> 11,631,456 <hr/>
DEFERRED OUTFLOWS	
Deferred loss on debt refinancing	147,931
Total assets & deferred outflows	<hr/> 11,779,387 <hr/>
LIABILITIES	
Current Liabilities	
Payables and accrued liabilities	117,675
Long-term liabilities	1,620,000
Total current liabilities	<hr/> 1,737,675 <hr/>
Noncurrent Liabilities	
Long-term liabilities	8,840,000
Total noncurrent liabilities	<hr/> 8,840,000 <hr/>
Total liabilities	<hr/> 10,577,675 <hr/>
NET POSITION	
Restricted	
Expendable for:	
Debt service	1,201,712
Total net position	<hr/> \$ 1,201,712 <hr/>

See accompanying independent auditors' report.

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	CHS Development Company
Operating Revenues	
Interest income (used as security for revenue bonds and notes)	\$ 484,963
Total operating revenue	<u>484,963</u>
Operating Expenses	
Services and supplies	6,576
Interest expense	304,736
Amortization	156,349
Total operating expenses	<u>467,661</u>
Operating income	<u>17,302</u>
Income before other revenues, expenses, gains, losses and transfers	17,302
Interfund transfers	<u>(24,186)</u>
Change in net position	(6,884)
Net position at beginning of year	1,208,596
Net position at end of year	<u><u>\$ 1,201,712</u></u>

See accompanying independent auditors' report.

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	CHS Development Company
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (6,576)
Net cash used by operating activities	(6,576)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund transfers paid	(24,186)
Net cash used by noncapital financing activities	(24,186)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt and leases	(1,580,000)
Interest paid on capital debt and leases	(270,900)
Net cash used by capital and related financing activities	(1,850,900)
CASH FLOWS FROM INVESTING ACTIVITIES	
Collection of interfund receivables	1,432,675
Interest received on interfund receivables	444,641
Purchases of investments	(2,342,196)
Proceeds from sales and maturities of investments	2,322,640
Interest on investments	40,322
Net cash provided by investing activities	1,898,082
Net increase in cash and cash equivalents	16,420
Cash and cash equivalents at beginning of year	686,339
Cash and cash equivalents at end of year	\$ 702,759
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 17,302
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Amortization	156,349
Interest income	(484,963)
Interest expense	304,736
Net cash used by operating activities	\$ (6,576)

See accompanying independent auditors' report.

Statistical Section

(unaudited)

STATISTICAL SECTION (UNAUDITED)

This section of the comprehensive annual financial report for the Medical University of South Carolina (MUSC) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about its overall financial health.

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Revenue Capacity

These schedules contain information to help assess some of the factors affecting the ability of MUSC to generate revenues.

Schedule of Revenues By Source	113-114
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Sources of Gross Clinical Service Charges – UMA	131

Financial Trends

These schedules contain trend information to help understand how the financial performance and well-being of MUSC have changed over time.

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Debt Capacity

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Operating Information

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help understand the environment within which MUSC operates.

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ACCREDITATION STATEMENT

The Medical University of South Carolina is fully accredited by the Southern Association of Colleges and Schools (SACS), which can be contacted at 1866 Southern Lane, Decatur, GA, 30033-4097, telephone (404) 679-4500. Accreditation allows MUSC to award bachelor degrees, master degrees, doctoral and professional degrees. Additionally, each college or program is accredited by numerous national, professional, and specialized accrediting bodies. Documents describing accreditation, approval, or licensing of programs are available for review in each college dean's office by appointment.

SCHEDULE OF REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Revenues	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University										
Student tuition and fees (net of scholarship allowances)	\$ 97,798	\$ 95,937	\$ 95,581	\$ 93,907	\$ 89,555	\$ 86,674	\$ 82,352	\$ 76,850	\$ 69,197	\$ 62,545
Federal grants and contracts	167,075	156,169	146,053	138,868	132,669	133,549	142,467	146,790	154,409	138,760
State grants and contracts	10,244	8,784	9,673	9,343	8,896	6,788	14,596	5,920	4,761	2,936
Local grants and contracts	197	164	77	59	78	15	16	14	11	89
Nongovernmental grants and contracts	38,787	40,998	38,677	37,225	32,843	32,130	30,047	25,499	21,432	22,902
Sales and services provided to Medical University Hospital Authority	132,001	120,339	116,851	111,475	108,837	102,448	102,101	87,912	83,646	68,423
Sales and services of educational and other activities	111,839	108,206	80,102	66,663	69,632	57,779	61,325	62,046	66,506	56,953
Auxiliary enterprises	16,495	15,902	15,013	14,667	13,990	12,826	11,958	11,749	11,038	6,686
Other operating revenues	14,133	12,880	12,507	13,257	10,170	10,222	9,938	11,964	9,672	10,634
Operating revenues	588,567	559,379	514,534	485,464	466,670	442,431	454,800	428,744	420,672	369,928
State appropriations	105,796	99,725	104,603	91,859	108,173	92,865	82,325	79,017	81,659	108,647
Gifts and grants	27,657	21,505	19,777	18,546	18,518	18,109	13,886	13,183	27,449	26,498
Investment income (losses)	4,231	7,862	9,403	(3,403)	3,110	11,366	8,449	(536)	9,843	6,256
Other nonoperating revenues	5,270	—	—	—	—	—	—	5,989	1,806	7,445
Nonoperating revenues	142,953	129,092	133,784	107,002	129,801	122,340	104,660	97,653	120,757	148,846
Total Revenues -- The University	\$ 731,520	\$ 688,471	\$ 648,318	\$ 592,466	\$ 596,471	\$ 564,771	\$ 559,460	\$ 526,397	\$ 541,429	\$ 518,774
University Medical Associates										
Net clinical service revenue	\$ 464,822	\$ 418,094	\$ 382,885	\$ 362,672	\$ 343,764	\$ 323,760	\$ 312,252	\$ 302,262	\$ 308,747	\$ 293,848
Ambulatory care and primary care agreements	5,856	6,022	6,422	6,562	6,712	5,988	6,077	4,955	4,982	5,409
Other operating revenues	18,863	8,969	10,173	8,363	8,063	9,466	7,659	13,256	8,406	12,491
Operating revenues	489,541	433,085	399,480	377,597	358,539	339,214	325,988	320,473	322,135	311,748
Investment income (losses)	4,586	4,005	6,630	768	1,631	5,282	6,644	(131)	9,255	5,229
Other nonoperating revenues	3,952	4,023	4,600	5,055	3,192	3,141	3,458	3,776	3,921	3,910
Nonoperating revenues	8,537	8,028	11,230	5,823	4,823	8,423	10,102	3,645	13,176	9,139
Total Revenues -- University Medical Associates	\$ 498,078	\$ 441,113	\$ 410,710	\$ 383,420	\$ 363,362	\$ 347,637	\$ 336,090	\$ 324,118	\$ 335,311	\$ 320,887
Nonmajor Enterprise Funds										
Interest income	\$ 485	\$ 530	\$ 603	\$ 744	\$ 911	\$ 1,057	\$ 1,299	\$ 1,578	\$ 1,757	\$ 1,896
Other operating revenues	—	—	12	34	33	33	32	33	33	33
Operating revenues	485	530	614	778	944	1,090	1,331	1,611	1,790	1,929
Other nonoperating revenues	—	—	—	—	—	—	—	—	—	—
Nonoperating revenues	—	—	—	—	—	—	—	—	—	—
Total Revenues -- Nonmajor Enterprise Funds	\$ 485	\$ 530	\$ 614	\$ 778	\$ 944	\$ 1,090	\$ 1,331	\$ 1,611	\$ 1,790	\$ 1,929
Interfund Capital Leases Elimination	\$ (445)	\$ (506)	\$ (569)	\$ (714)	\$ (877)	\$ (1,028)	\$ (1,220)	\$ (1,421)	\$ (1,586)	\$ (1,739)
Total Revenues -- Primary Government	\$ 1,229,638	\$ 1,129,608	\$ 1,059,073	\$ 975,950	\$ 959,900	\$ 912,470	\$ 895,661	\$ 850,705	\$ 876,944	\$ 839,851

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF REVENUES BY SOURCE
LAST TEN FISCAL YEARS

		For the Year Ended June 30,									
		(percent of total revenues)									
Revenues		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University											
Student tuition and fees (net of scholarship allowances)		8.0 %	8.5%	9.0 %	9.6 %	9.3 %	9.5 %	9.2 %	9.0 %	7.9 %	7.4 %
Federal grants and contracts		13.6 %	13.8%	13.8 %	14.2 %	13.8 %	14.7 %	15.9 %	17.3 %	17.6 %	16.5 %
State grants and contracts		0.8 %	0.8%	0.8 %	0.9 %	1.0 %	0.8 %	1.6 %	0.7 %	0.5 %	0.4 %
Nongovernmental grants and contracts		3.2 %	3.6%	3.7 %	3.8 %	3.4 %	3.5 %	3.4 %	3.1 %	2.4 %	2.7 %
Sales and services provided to Medical University Hospital Authority		10.8 %	10.7%	11.0 %	11.4 %	11.3 %	11.2 %	11.4 %	10.3 %	9.5 %	8.2 %
Sales and services of educational and other activities		9.1 %	9.6%	7.6 %	6.8 %	7.3 %	6.3 %	6.8 %	7.3 %	7.6 %	6.8 %
Auxiliary enterprises		1.3 %	1.4%	1.4 %	1.5 %	1.5 %	1.4 %	1.3 %	1.4 %	1.3 %	0.8 %
Other operating revenues		1.2 %	1.1%	1.2 %	1.4 %	1.1 %	1.1 %	1.1 %	1.4 %	1.1 %	1.3 %
Operating revenues		48.0 %	49.5%	48.5 %	49.6 %	48.7 %	48.5 %	50.7 %	50.5 %	47.9 %	44.1 %
State appropriations		8.6 %	8.8%	9.9 %	9.4 %	11.3 %	10.2 %	9.2 %	9.3 %	9.3 %	12.9 %
Gifts and grants		2.3 %	1.9%	1.9 %	1.9 %	1.9 %	2.0 %	1.6 %	1.5 %	3.2 %	3.2 %
Investment income (losses)		0.3 %	0.7%	0.9 %	(0.3)%	0.3 %	1.2 %	0.9 %	(0.1)%	1.1 %	0.7 %
Other nonoperating revenues		0.4 %	—%	—%	—%	—%	—%	—%	0.7 %	0.2 %	0.9 %
Non-operating revenues		11.7 %	11.4%	12.7 %	11.0 %	13.5 %	13.4 %	11.7 %	11.4 %	13.8 %	17.7 %
Total Revenues -- The University		59.7 %	60.9%	61.2 %	60.6 %	62.2 %	61.9 %	62.4 %	61.9 %	61.7 %	61.8 %
University Medical Associates											
Net clinical service revenue		38.0 %	37.0%	36.2 %	37.2 %	35.8 %	35.5 %	34.9 %	35.5 %	35.2 %	35.0 %
Ambulatory care and primary care agreements		0.5 %	0.5%	0.6 %	0.7 %	0.7 %	0.7 %	0.7 %	0.6 %	0.6 %	0.6 %
Other operating revenues		1.5 %	0.8%	1.0 %	0.9 %	0.8 %	1.0 %	0.9 %	1.6 %	1.0 %	1.5 %
Operating revenues		40.0 %	38.3%	37.8 %	38.8 %	37.3 %	37.2 %	36.5 %	37.7 %	36.8 %	37.1 %
Investment income (losses)		0.4 %	0.4%	0.6 %	0.1 %	0.2 %	0.6 %	0.7 %	—%	1.1 %	0.6 %
Other nonoperating revenues		0.3 %	0.4%	0.4 %	0.5 %	0.3 %	0.3 %	0.4 %	0.4 %	0.4 %	0.5 %
Non-operating revenues		0.7 %	0.7%	1.0 %	0.6 %	0.5 %	0.9 %	1.1 %	0.4 %	1.5 %	1.1 %
Total Revenues -- University Medical Associates		40.7 %	39.1%	38.8 %	39.4 %	37.8 %	38.1 %	37.6 %	38.1 %	38.3 %	38.2 %
Nonmajor Enterprise Funds											
Interest income		— %	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %	0.2 %
Other operating revenues		— %	—%	—%	—%	—%	—%	—%	—%	—%	—%
Operating revenues		— %	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %	0.2 %
Other nonoperating revenues		— %	—%	—%	—%	—%	—%	—%	—%	—%	—%
Nonoperating revenues		— %	—%	—%	—%	—%	—%	—%	—%	—%	—%
Total Revenues -- Nonmajor Enterprise Funds		— %	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %	0.2 %
Interfund Capital Leases Elimination		— %	—%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.2)%	(0.2)%	(0.2)%
Total Revenues -- Primary Government		100.0 %	100.0%	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF EXPENSES BY USE
LAST TEN FISCAL YEARS

Expenses	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University										
Compensation and employee benefits	\$ 428,235	\$ 408,417	\$ 393,688	\$ 382,530	\$ 360,615	\$ 344,183	\$ 341,377	\$ 328,526	\$ 315,643	\$ 288,819
Pension Benefits	23,576	20,742	17,452	6,308	3,450	—	—	—	—	—
OPEB Expense	9,489	11,577	—	—	—	—	—	—	—	—
Services and supplies	299,555	267,138	243,347	212,435	210,265	191,427	201,935	198,467	203,730	204,134
Utilities	11,837	14,466	14,432	14,542	14,201	13,488	13,332	13,123	11,868	11,145
Scholarships and fellowships	11,393	10,279	10,868	11,282	12,102	13,517	10,880	9,653	9,252	8,614
Depreciation	37,386	38,762	38,468	40,453	40,325	39,610	41,088	40,318	34,687	30,947
Operating expenses	821,471	771,381	718,255	667,549	640,958	602,225	608,612	590,087	575,180	543,659
Refunds to grantors	—	—	—	—	—	—	—	—	319	406
Interest expense	5,890	6,226	6,890	7,036	7,007	7,586	8,071	7,934	9,070	8,677
(Gain) Loss on disposal of capital assets	(5,270)	236	280	(9,731)	(6,971)	7,125	1,087	1,490	748	959
Transfers to other state funds	434	502	323	415	520	462	182	121	185	198
Other nonoperating expenses	—	7,044	4,092	28,722	20,033	10,900	3,152	—	—	—
Nonoperating expenses	1,054	14,008	11,586	26,442	20,589	26,073	12,492	9,545	10,322	10,240
Total Expenses -- The University	\$ 822,525	\$ 785,389	\$ 729,842	\$ 693,992	\$ 661,547	\$ 628,298	\$ 621,104	\$ 599,632	\$ 585,502	\$ 553,899
University Medical Associates										
Compensation and employee benefits	\$ 277,654	\$ 240,792	\$ 236,351	\$ 221,236	\$ 202,105	\$ 191,561	\$ 193,633	\$ 184,872	\$ 178,441	\$ 174,552
Services and supplies	95,806	81,149	73,275	68,687	71,409	64,703	61,359	59,706	58,494	58,037
Utilities	939	1,014	830	923	621	588	588	526	547	447
Depreciation	5,205	5,606	6,857	6,804	6,271	5,562	5,540	3,097	3,065	3,135
Operating expenses	379,603	328,561	317,313	297,651	280,406	262,414	261,120	248,201	240,547	236,171
Gifts made	4,410	8,609	4,475	2,826	1,164	4,723	3,178	7,372	9,461	9,914
Interest expense	3,884	4,087	4,103	4,312	4,136	4,156	4,401	4,168	4,126	4,373
(Gain) Loss on disposal of capital assets	346	19	—	—	6	3	72	66	—	6
Nonoperating expenses	8,641	12,715	8,578	7,138	5,306	8,882	7,651	11,606	13,587	14,293
Total Expenses -- University Medical Associates	\$ 388,244	\$ 341,276	\$ 325,891	\$ 304,789	\$ 285,712	\$ 271,296	\$ 268,771	\$ 259,807	\$ 254,134	\$ 250,464
Nonmajor Enterprise Funds										
Services and supplies	\$ 7	\$ 7	\$ 8	\$ 7	\$ 45	\$ 7	1	—	—	—
Interest expense	305	347	403	532	667	908	1,305	1,694	1,866	2,031
Amortization	156	156	156	156	156	156	237	281	281	281
Operating expenses	468	510	567	695	868	1,071	1,543	1,975	2,147	2,312
Nonoperating expenses	—	—	—	—	—	—	—	—	—	—
Total Expenses -- Nonmajor Enterprise Funds	\$ 468	\$ 510	\$ 567	\$ 695	\$ 868	\$ 1,071	\$ 1,543	\$ 1,975	\$ 2,147	\$ 2,312
Interfund Capital Leases Elimination	(445)	(506)	(569)	(714)	(877)	(1,028)	(1,220)	(1,421)	(1,586)	(1,739)
Total Expenses -- Primary Government	\$ 1,210,792	\$ 1,126,669	\$ 1,055,731	\$ 998,762	\$ 947,250	\$ 899,637	\$ 890,198	\$ 859,993	\$ 840,197	\$ 804,936

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, for fiscal year 2015 which now reflects current year amortization of pension expense. This will be presented for fiscal 2015 forward.

The University implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018 which now reflects current year amortization of OPEB expense. This will be presented for fiscal 2018 forward.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF EXPENSES BY USE
LAST TEN FISCAL YEARS

Expenses	For the Year Ended June 30, (percent of total expenses)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University										
Compensation and employee benefits	35.4 %	36.3%	37.4 %	38.2 %	38.1 %	38.2 %	38.4 %	38.2 %	37.6 %	35.9 %
Pension benefits	1.9 %	1.8%	1.7 %	0.6 %	0.4 %	—%	—%	—%	—%	—%
OPEB Expense	0.8 %	1.0%	—%	—%	—%	—%	—%	—%	—%	—%
Services and supplies	24.8 %	23.7%	23.1 %	21.3 %	22.2 %	21.3 %	22.7 %	23.1 %	24.2 %	25.4 %
Utilities	1.0 %	1.3%	1.4 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.4 %	1.4 %
Scholarships and fellowships	0.9 %	0.9%	1.0 %	1.1 %	1.3 %	1.5 %	1.2 %	1.1 %	1.1 %	1.0 %
Depreciation	3.1 %	3.4%	3.6 %	4.1 %	4.3 %	4.4 %	4.6 %	4.7 %	4.1 %	3.8 %
Operating expenses	67.9 %	68.5%	68.1 %	66.8 %	67.7 %	66.9 %	68.4 %	68.6 %	68.4 %	67.5 %
Refunds to grantors	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.1 %
Interest expense	0.5 %	0.6%	0.7 %	0.7 %	0.7 %	0.8 %	0.9 %	0.8 %	1.1 %	1.1 %
(Gain) Loss on disposal of capital assets	(0.4)%	—%	—%	(1.0)%	(0.7)%	0.8 %	0.1 %	0.3 %	0.2 %	0.1 %
Transfers to other state funds	—%	—%	—%	—%	0.1 %	0.1 %	—%	—%	—%	—%
Other nonoperating expenses	—%	0.6%	0.4 %	2.9 %	2.1 %	1.2 %	0.4 %	—%	—%	—%
Nonoperating expenses	0.1 %	1.2%	1.1 %	2.6 %	2.2 %	2.9 %	1.4 %	1.1 %	1.3 %	1.3 %
Total Expenses -- The University	68.0 %	69.7%	69.2 %	69.4 %	69.9 %	69.8 %	69.8 %	69.7 %	69.7 %	68.8 %
University Medical Associates										
Compensation and employee benefits	22.9 %	21.4%	22.5 %	22.2 %	21.3 %	21.3 %	21.7 %	21.5 %	21.2 %	21.7 %
Services and supplies	7.9 %	7.2%	6.9 %	6.9 %	7.5 %	7.2 %	6.9 %	6.9 %	7.0 %	7.2 %
Utilities	0.1 %	0.1%	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Depreciation	0.4 %	0.5%	0.6 %	0.7 %	0.7 %	0.6 %	0.6 %	0.4 %	0.4 %	0.4 %
Operating expenses	31.4 %	29.2%	30.1 %	29.9 %	29.6 %	29.2 %	29.3 %	28.9 %	28.7 %	29.4 %
Gifts made	0.4 %	0.8%	0.4 %	0.3 %	0.1 %	0.5 %	0.4 %	0.9 %	1.1 %	1.2 %
Interest expense	0.3 %	0.4%	0.4 %	0.4 %	0.4 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %
(Gain) Loss on disposal of capital assets	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Nonoperating expenses	0.7 %	1.1%	0.8 %	0.7 %	0.5 %	1.0 %	0.9 %	1.4 %	1.6 %	1.7 %
Total Expenses -- University Medical Associates	32.0 %	30.3%	30.9 %	30.6 %	30.1 %	30.2 %	30.2 %	30.3 %	30.3 %	31.1 %
Nonmajor Enterprise Funds										
Services and supplies	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Interest expense	—%	—%	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %	0.3 %
Amortization	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Operating expenses	—%	—%	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %	0.3 %
Nonoperating expenses	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Total Expenses -- Nonmajor Enterprise Funds	—%	—%	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.2 %	0.3 %
Interfund Capital Leases Elimination	—%	—%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.2)%	(0.2)%	(0.2)%
Total Expenses -- Primary Government	100.0 %	100.0%	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, for fiscal year 2015 which now reflects current year amortization of pension expense. This will be presented for fiscal 2015 forward.

The University implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018 which now reflects current year amortization of OPEB expense. This will be presented for fiscal 2018 forward.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF EXPENSES BY FUNCTION – UNIVERSITY
LAST TEN FISCAL YEARS

	For the Year Ended June 30,									
	(amounts expressed in thousands \$)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses by function:										
Instruction	\$ 227,890	\$ 216,169	\$ 194,938	\$ 187,241	\$ 187,337	\$ 172,648	\$ 195,119	\$ 191,499	\$ 195,634	\$ 187,876
Research	226,970	212,074	197,501	184,596	171,551	170,663	178,477	169,997	169,227	148,542
Public service	95,043	87,581	81,917	78,658	75,818	73,866	45,580	45,137	45,523	43,018
Academic support	61,407	59,563	60,332	59,531	53,929	46,243	45,032	36,898	33,035	36,590
Student services	9,756	9,771	9,027	8,793	8,713	8,140	8,388	8,258	8,596	10,321
Institutional support	95,947	81,589	63,789	47,134	42,307	33,449	38,686	36,400	36,793	37,015
Operation and maintenance of plant	87,868	90,293	95,748	86,938	86,660	83,325	83,346	86,833	72,371	69,385
Scholarships and fellowships	3,790	2,736	3,797	3,602	3,948	3,673	3,321	3,068	3,385	3,176
Auxiliary enterprises	12,799	11,605	11,206	11,056	10,695	10,218	10,663	11,997	10,616	7,736
Refunds to grantors	—	—	—	—	—	—	—	—	319	406
Interest expense	5,890	6,226	6,890	7,036	7,007	7,586	8,071	7,934	9,070	8,677
(Gain) loss on disposal of capital assets	(5,270)	236	280	(9,731)	(6,971)	7,125	1,087	1,490	748	959
Transfers to other State funds	434	502	323	415	520	462	182	121	185	198
Other non-operating expenses	—	7,044	4,092	28,722	20,033	10,900	3,152	—	—	—
Total expenses by function	\$ 822,525	\$ 785,389	\$ 729,840	\$ 693,991	\$ 661,547	\$ 628,298	\$ 621,104	\$ 599,632	\$ 585,502	\$ 553,899

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF EXPENSES BY FUNCTION – UNIVERSITY
LAST TEN FISCAL YEARS

	For the Year Ended June 30,									
	(percent of total expenses)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Instruction	27.7 %	27.5%	26.7%	27.0 %	28.3 %	27.5%	31.4%	31.9%	33.4%	33.9%
Research	27.6 %	27.0%	27.1%	26.6 %	25.9 %	27.2%	28.7%	28.4%	28.9%	26.8%
Public services	11.6 %	11.2%	11.3%	11.3 %	11.5 %	11.7%	7.4%	7.5%	7.8%	7.8%
Academic support	7.5 %	7.6%	8.4%	8.6 %	8.2 %	7.4%	7.3%	6.2%	5.6%	6.6%
Student services	1.2 %	1.2%	1.2%	1.3 %	1.3 %	1.3%	1.4%	1.4%	1.5%	1.9%
Institutional support	11.7 %	10.4%	8.7%	6.8 %	6.4 %	5.3%	6.2%	6.1%	6.3%	6.7%
Operation and maintenance of plant	10.7 %	11.5%	13.1%	12.5 %	13.1 %	13.3%	13.4%	14.5%	12.4%	12.5%
Scholarships and fellowships	0.5 %	0.3%	0.5%	0.5 %	0.6 %	0.6%	0.5%	0.5%	0.6%	0.6%
Auxiliary enterprises	1.6 %	1.5%	1.5%	1.6 %	1.6 %	1.6%	1.7%	2.0%	1.8%	1.4%
Refunds to grantors	— %	—%	—%	—%	—%	—%	—%	—%	0.1%	0.1%
Interest expense	0.7 %	0.8%	0.9%	1.0 %	1.1 %	1.2%	1.3%	1.3%	1.5%	1.6%
(Gain) loss on disposal of capital assets	(0.6)%	—%	—%	(1.4)%	(1.1)%	1.1%	0.2%	0.2%	0.1%	0.1%
Transfers to other State funds	0.1 %	0.1%	—%	0.1 %	0.1 %	0.1%	—%	—%	—%	—%
Other non-operating expenses	— %	0.9%	0.6%	4.1 %	3.0 %	1.7%	0.5%	—%	—%	—%
Total expenses	100 %	100%	100%	100 %	100 %	100%	100%	100%	100%	100%

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF NET POSITION
LAST TEN FISCAL YEARS

For the Year Ended June 30,
(amounts expressed in thousands \$)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University										
Net investment in capital assets	\$ 290,961	\$ 318,787	\$ 335,944	\$ 350,909	\$ 365,045	\$ 376,357	\$ 388,791	\$ 397,994	\$ 399,743	\$ 365,977
Restricted - nonexpendable	91,997	91,315	90,977	90,352	87,960	85,025	79,072	76,514	66,754	52,446
Restricted - expendable	113,212	99,702	93,063	83,504	93,767	94,912	74,979	52,742	43,905	31,102
Unrestricted	(676,208)	(675,452)	(210,187)	(214,302)	(236,245)	75,769	75,867	71,901	71,796	68,914
Net position -- The University	(180,038)	(165,648)	309,797	310,463	310,527	632,063	618,709	599,151	582,198	518,439
University Medical Associates										
Net investment in capital assets	60,858	55,298	55,300	58,721	57,837	45,657	45,325	46,071	17,452	11,681
Restricted - expendable	—	—	—	—	—	—	—	—	—	—
Unrestricted	244,583	216,601	188,212	174,973	170,244	180,865	170,106	161,834	180,712	151,466
Net position -- University Medical Associates	305,441	271,899	243,512	233,695	228,081	226,522	215,431	207,905	198,164	163,147
Nonmajor Enterprise Funds										
Restricted - expendable	1,202	1,208	1,220	1,272	1,242	1,229	1,277	2,359	2,070	1,766
Unrestricted	—	—	—	—	—	—	—	—	—	—
Net position -- Nonmajor Enterprise Funds	1,202	1,208	1,220	1,272	1,242	1,229	1,277	2,359	2,070	1,766
Net position - Primary Government	\$ 126,605	\$ 107,459	\$ 554,529	\$ 545,430	\$ 539,850	\$ 859,814	\$ 835,417	\$ 809,415	\$ 782,432	\$ 683,352
Total Primary Government										
Net investment in capital assets	351,819	\$ 374,086	\$ 391,244	\$ 409,630	\$ 422,882	\$ 422,014	\$ 434,116	\$ 444,065	\$ 417,195	\$ 377,658
Restricted - nonexpendable	91,997	91,315	90,977	90,352	87,960	85,025	79,072	76,514	66,754	52,446
Restricted - expendable	114,414	100,909	94,283	84,776	95,009	96,141	76,256	55,101	45,975	32,868
Unrestricted	(431,625)	(458,851)	(21,975)	(39,329)	(66,001)	256,634	245,973	233,735	252,508	220,380
Net position - Primary Government	\$ 126,605	\$ 107,459	\$ 554,529	\$ 545,430	\$ 539,850	\$ 859,814	\$ 835,417	\$ 809,415	\$ 782,432	\$ 683,352

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. Because the GASB 65 impact was relatively minimal, this schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for fiscal year 2015. This schedule reflects comparative data pre-2015 as it was originally recorded prior to the implementation of GASB 68 as this information is not available for any fiscal year prior to 2015.

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018. This schedule reflects comparative data pre-2018 as it was originally recorded prior to the implementation of GASB 75 as this information is not available for any fiscal year prior to 2018.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University										
Income (loss) before other revenues, expenses, gains or losses	\$ (96,274)	\$ (96,917)	\$ (81,523)	\$ (101,526)	\$ (65,076)	\$ (63,527)	\$ (61,644)	\$ (73,235)	\$ (44,073)	\$ (35,125)
State capital appropriations	3,500	—	1,532	25,665	1,095	4,623	13,280	21,160	23,638	22,005
Capital grants and gifts	1,385	818	3,599	335	421	2,583	4,710	5,362	24,402	25,669
Additions to permanent endowments	682	337	626	2,391	2,935	5,953	2,549	9,749	14,293	9,998
Interfund transfers	76,317	71,249	75,100	73,070	76,152	64,459	60,663	53,917	45,499	41,306
Changes in net position -- The University	(14,390)	(24,513)	(665)	(64)	15,527	14,091	19,558	16,953	63,759	63,853
University Medical Associates										
Income before other revenues, expenses, gains or losses	109,834	99,838	84,818	78,631	77,648	76,341	67,319	64,311	81,177	70,423
Interfund transfers	(76,292)	(71,218)	(75,001)	(73,018)	(76,089)	(64,759)	(59,793)	(54,570)	(46,160)	(42,207)
Special item - disposition of primary care practice	—	—	—	—	—	—	—	—	—	—
Changes in net position -- University Medical Associates	33,542	28,620	9,818	5,613	1,559	11,582	7,526	9,741	35,017	28,216
Nonmajor Enterprise Funds										
Income (loss) before other revenues, expenses, gains or losses	17	20	46	83	76	19	(212)	(364)	(357)	(383)
Interfund transfers	(24)	(32)	(99)	(52)	(63)	300	(870)	653	661	653
Liquidation gain	—	—	—	—	—	—	—	—	—	—
Changes in net position -- Nonmajor Enterprise Funds	(7)	(12)	(52)	31	13	319	(1,082)	289	304	270
Primary Government										
Total changes in net position	19,145	4,095	9,100	5,580	17,099	25,992	26,002	26,983	99,080	92,339
Net position beginning (as restated for FY 2017, 2015 & 2014)	107,459	103,364	545,534	539,850	522,751	833,822	809,415	782,432	683,352	591,013
Net position ending	\$ 126,604	\$ 107,459	\$ 554,530	\$ 545,430	\$ 539,850	\$ 859,814	\$ 835,417	\$ 809,415	\$ 782,432	\$ 683,352

Note: The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2014. While the net position at the beginning of fiscal year 2014 was adjusted for the GASB 65 impact, the above schedule reflects comparative data for pre-2014 years as it was originally reported prior to the implementation of GASB 65.

The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for fiscal year 2015. This schedule reflects comparative data pre-2015 as it was originally recorded prior to the implementation of GASB 68 as this information is not available for any fiscal year prior to 2015.

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for fiscal year 2018. This schedule reflects comparative data pre-2018 as it was originally recorded prior to the implementation of GASB 75 as this information is not available for any fiscal year prior to 2018.

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

SCHEDULE OF RATIOS OF OUTSTANDING DEBT – PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS

For the Year Ended June 30,

(dollars expressed in thousands except for debt per capita)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
The University										
General obligation bonds payable	\$ 39,340	\$ 43,430	\$ 48,050	\$ 52,985	\$ 35,070	\$ 39,280	\$ 43,505	\$ 47,660	\$ 52,745	\$ 37,300
State bond anticipation notes	—	—	—	—	26,500	28,000	28,000	28,000	30,000	30,000
Revenue bonds	22,395	23,765	25,115	28,495	29,855	31,160	32,415	33,625	34,785	35,900
Energy note payable	30,000	—	—	—	—	—	3,215	6,043	7,882	14,374
Capital lease obligations	57	82	98	73	349	577	835	1,213	1,555	1,899
Premium on general obligation & revenue bonds	4,040	4,740	5,525	3,945	936	1,237	1,571	1,920	—	—
Due to component unit	40,742	41,578	42,352	43,069	43,732	44,346	44,914	45,440	45,927	46,378
Interfund payables	9,410	10,843	12,214	13,845	16,285	18,563	20,690	25,787	29,006	32,045
Total debt -- The University	\$ 145,984	\$ 124,438	\$ 133,354	\$ 142,412	\$ 152,727	\$ 163,163	\$ 175,145	\$ 189,688	\$ 201,900	\$ 197,896
University Medical Associates										
Variable rate debt	60,385	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085
Notes payable	9,020	12,587	17,693	22,765	27,761	17,378	21,169	24,961	28,801	32,663
Capital lease obligations	297	687	291	673	—	—	—	—	—	28
Total debt -- University Medical Associates	\$ 69,702	\$ 75,359	\$ 80,069	\$ 85,523	\$ 89,846	\$ 79,463	\$ 83,254	\$ 87,046	\$ 90,886	\$ 94,776
Nonmajor Funds										
Revenue bonds payable	\$ —	—	—	\$ 820	\$ 1,969	\$ 3,039	\$ 4,031	\$ 4,954	\$ 5,812	\$ 6,609
Notes payable	10,460	12,040	13,575	15,065	16,515	17,920	19,290	27,600	30,325	32,925
Premium on notes payable	—	—	—	—	—	—	—	61	67	72
Total debt -- Nonmajor Funds	\$ 10,460	\$ 12,040	\$ 13,575	\$ 15,885	\$ 18,484	\$ 20,959	\$ 23,321	\$ 32,615	\$ 36,204	\$ 39,606
Interfund Capital Leases Elimination	\$ (9,410)	\$ (10,843)	\$ (12,214)	\$ (13,845)	\$ (16,285)	\$ (18,563)	\$ (20,690)	\$ (25,787)	\$ (29,006)	\$ (32,045)
Total debt -- Primary Government	\$ 216,736	\$ 200,993	\$ 214,784	\$ 229,975	\$ 244,772	\$ 245,022	\$ 261,030	\$ 283,562	\$ 299,984	\$ 300,233
Total debt as percentage of personal income	0.10%	0.10%	0.12%	0.12%	0.13%	0.14%	0.16%	0.18%	0.20%	0.20%
Total debt per capita	\$ 40	\$ 40	\$ 45	\$ 48	\$ 51	\$ 51	\$ 55	\$ 61	\$ 65	\$ 66

Source: Medical University of South Carolina Comprehensive Annual Financial Reports

SCHEDULE OF BOND COVERAGE – UNIVERSITY
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands except for coverage ratio)

State Institution Bonds (Note 1)

Year ending June 30,	Tuition	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2019	\$ 6,580	\$ 6,580	\$ 4,090	\$ 1,881	\$ 5,971	1.10
2018	6,635	6,635	4,620	2,096	6,716	0.99
2017	7,463	7,463	4,935	2,433	7,368	1.01
2016	8,187	8,187	4,360	1,525	5,885	1.39
2015	8,466	8,466	4,210	1,698	5,908	1.43
2014	9,861	9,861	4,225	1,867	6,092	1.62
2013	6,924	6,924	4,155	1,988	6,143	1.13
2012	8,502	8,502	4,060	2,211	6,271	1.36
2011	10,656	10,656	3,505	1,568	5,073	2.10
2010	8,612	8,612	3,390	1,717	5,107	1.69

Note 1: Bonds secured by tuition revenue.

Source: The Medical University of South Carolina Controller's Office.

SCHEDULE OF RATIOS OF OUTSTANDING DEBT – UNIVERSITY
LAST TEN FISCAL YEARS

For the Year Ended June 30,										
(dollars expressed in thousands except for outstanding debt per student)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General obligation bonds payable, net	\$ 39,340	\$ 43,430	\$ 48,050	\$ 52,985	\$ 35,070	\$ 39,280	\$ 43,505	\$ 47,660	\$ 52,745	\$ 37,300
State bond anticipation notes	—	—	—	—	26,500	28,000	28,000	28,000	30,000	30,000
Revenue bonds, net	22,395	23,765	25,115	28,495	29,855	31,160	32,415	33,625	34,785	35,900
Energy note payable	30,000	—	—	—	—	—	3,215	6,043	7,882	14,374
Capital lease obligations	57	82	98	73	349	577	835	1,213	1,555	1,899
Premium on general obligation & revenue bonds	4,040	4,740	5,525	3,945	936	1,237	1,571	1,920	—	—
Due to component unit	40,742	41,578	42,352	43,069	43,732	44,346	44,914	45,440	45,927	46,378
Interfund payables	9,410	10,843	12,214	13,845	16,285	18,563	20,690	25,787	29,006	32,045
Total outstanding debt	\$ 145,984	\$ 124,438	\$ 133,354	\$ 142,412	\$ 152,727	\$ 163,163	\$ 175,145	\$ 189,688	\$ 201,900	\$ 197,896
Full-time equivalent students	3,357	3,370	3,403	3,307	3,230	3,133	3,101	3,015	2,871	2,776
Outstanding debt per student	\$ 43,486	\$ 36,925	\$ 39,187	\$ 43,064	\$ 47,284	\$ 52,079	\$ 56,480	\$ 62,915	\$ 70,324	\$ 71,288

Note: Outstanding debt per student was calculated using full-time equivalent student enrollment data for the fiscal year's Fall term.

Source: Medical University of South Carolina Comprehensive Annual Financial Reports and Office of Enrollment Services.

SCHEDULE OF PLEDGED REVENUE COVERAGE – UMA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Net Clinical Service Revenues	Less Operating Expenses	Net Available Revenue	Variable Rate Securities and Notes Payable			Coverage
				Principal	Interest	Total	
2019	\$ 464,822,092	\$ 370,872,328	\$ 93,949,764	\$ 5,266,709	\$ 2,271,394	\$ 7,538,103	12.46
2018	418,093,723	319,341,693	98,752,030	5,106,500	2,480,297	7,586,797	13.02
2017	382,885,000	306,462,206	76,422,794	5,071,500	2,478,902	7,550,402	10.12
2016	362,672,184	287,100,762	75,571,422	4,996,500	2,696,225	7,692,725	9.82
2015	343,763,825	270,316,328	73,447,497	4,996,501	2,484,940	7,481,441	9.82
2014	323,759,830	254,028,360	69,731,470	3,791,500	2,615,843	6,407,343	10.88
2013	312,252,374	253,608,704	58,643,670	3,791,500	2,765,778	6,557,278	8.94
2012	302,262,422	243,650,380	58,612,042	3,791,500	2,897,984	6,689,484	8.76
2011	308,747,008	235,697,837	73,049,171	3,791,500	4,110,354	7,901,854	9.24
2010	293,847,793	231,133,793	62,714,000	3,791,500	4,355,901	8,147,401	7.70

Note: Operating expenses are net of Ambulatory Care Clinical Education Agreement expenses which are fully reimbursed under the agreement.

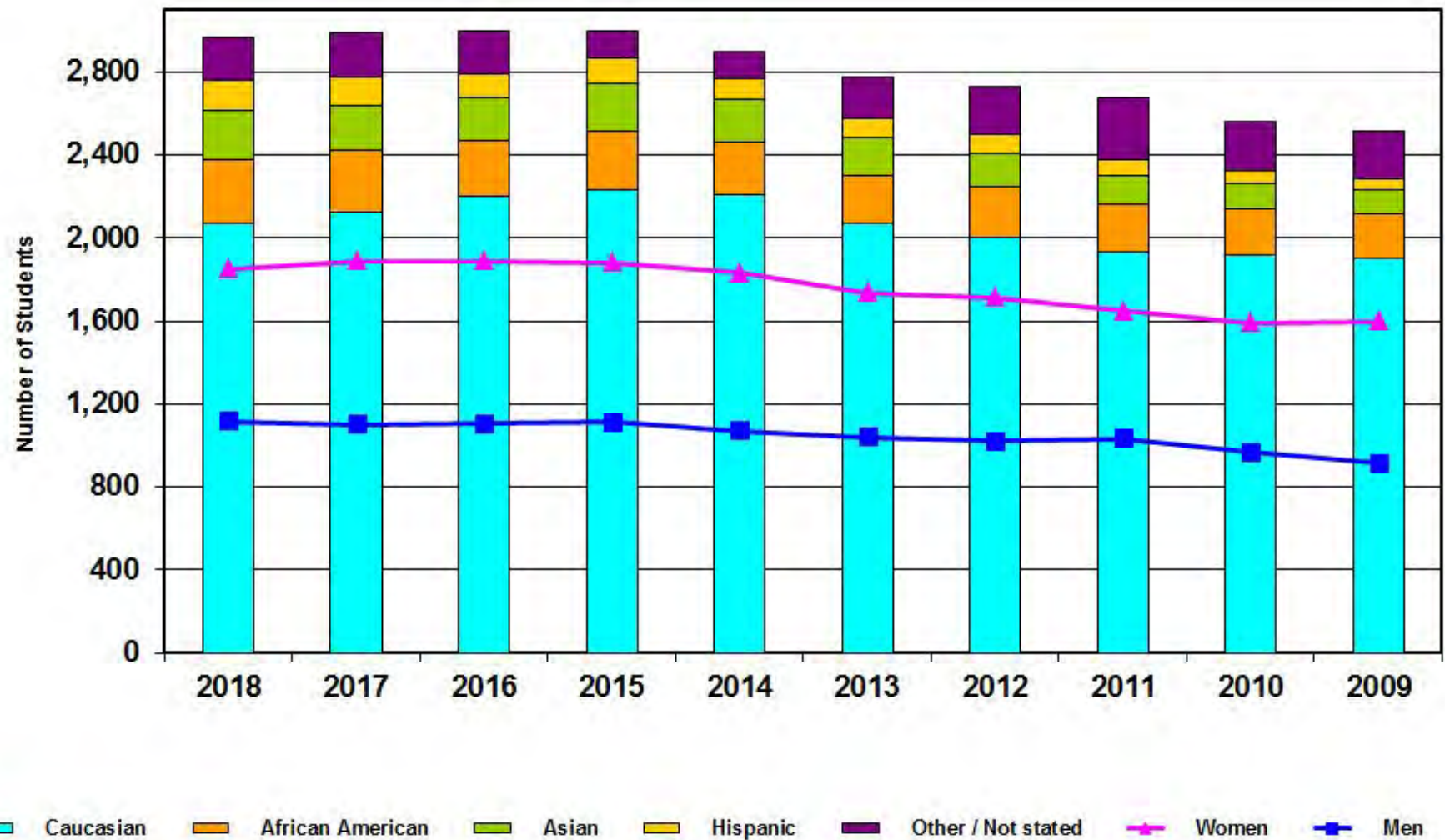
Source: University Medical Associates Comprehensive Annual Financial Reports.

ENROLLMENT STATISTICS – UNIVERSITY
LAST TEN ACADEMIC YEARS
FALL ENROLLMENTS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>ENROLLMENT</u>										
LEVEL										
Undergraduate	329	303	306	324	293	205	204	200	237	267
Graduate	1,278	1,330	1,340	1,319	1,267	1,243	1,233	1,211	1,051	1,027
First Professional	1,356	1,352	1,350	1,352	1,340	1,329	1,294	1,268	1,272	1,220
Certificates	2	4	—	—	—	—	—	—	—	—
STATUS										
Full-Time	2,757	2,786	2,794	2,790	2,689	2,593	2,568	2,518	2,360	2,287
Part-Time	208	203	202	205	211	184	163	161	200	227
ORIGIN										
In State	2,022	2,073	2,092	2,113	2,075	1,988	1,954	1,987	1,939	1,908
Out of State	879	860	854	828	779	748	704	571	580	567
Foreign	64	56	50	54	46	41	73	121	41	39
RACE/ETHNICITY										
Caucasian	2,073	2,124	2,200	2,230	2,208	2,069	2,001	1,931	1,917	1,904
African American	306	298	267	286	254	232	245	231	221	212
Asian	238	217	211	233	207	185	166	141	122	114
Hispanic	144	135	115	118	103	93	87	76	66	60
Other / Not stated	204	215	203	128	128	198	232	300	234	224
GENDER										
Women	1,852	1,888	1,891	1,883	1,832	1,739	1,711	1,648	1,593	1,601
Men	1,113	1,101	1,105	1,112	1,068	1,038	1,020	1,031	967	913
COLLEGES										
Medicine	773	773	768	758	725	719	706	695	697	670
Pharmacy	315	322	321	321	323	322	318	316	320	315
Nursing	576	561	568	570	563	458	439	410	374	351
Graduate Studies	196	198	212	222	204	190	220	240	152	159
Dental Medicine	321	320	322	317	314	309	292	279	255	235
Health Professions	763	792	789	782	764	770	750	723	737	760
Non-Degree Seeking	21	23	16	25	7	9	6	16	25	24
Total enrollment	2,965	2,989	2,996	2,995	2,900	2,777	2,731	2,679	2,560	2,514

Source: Medical University of South Carolina Office of Enrollment Services.

University Enrollment by Race/Ethnicity and Gender



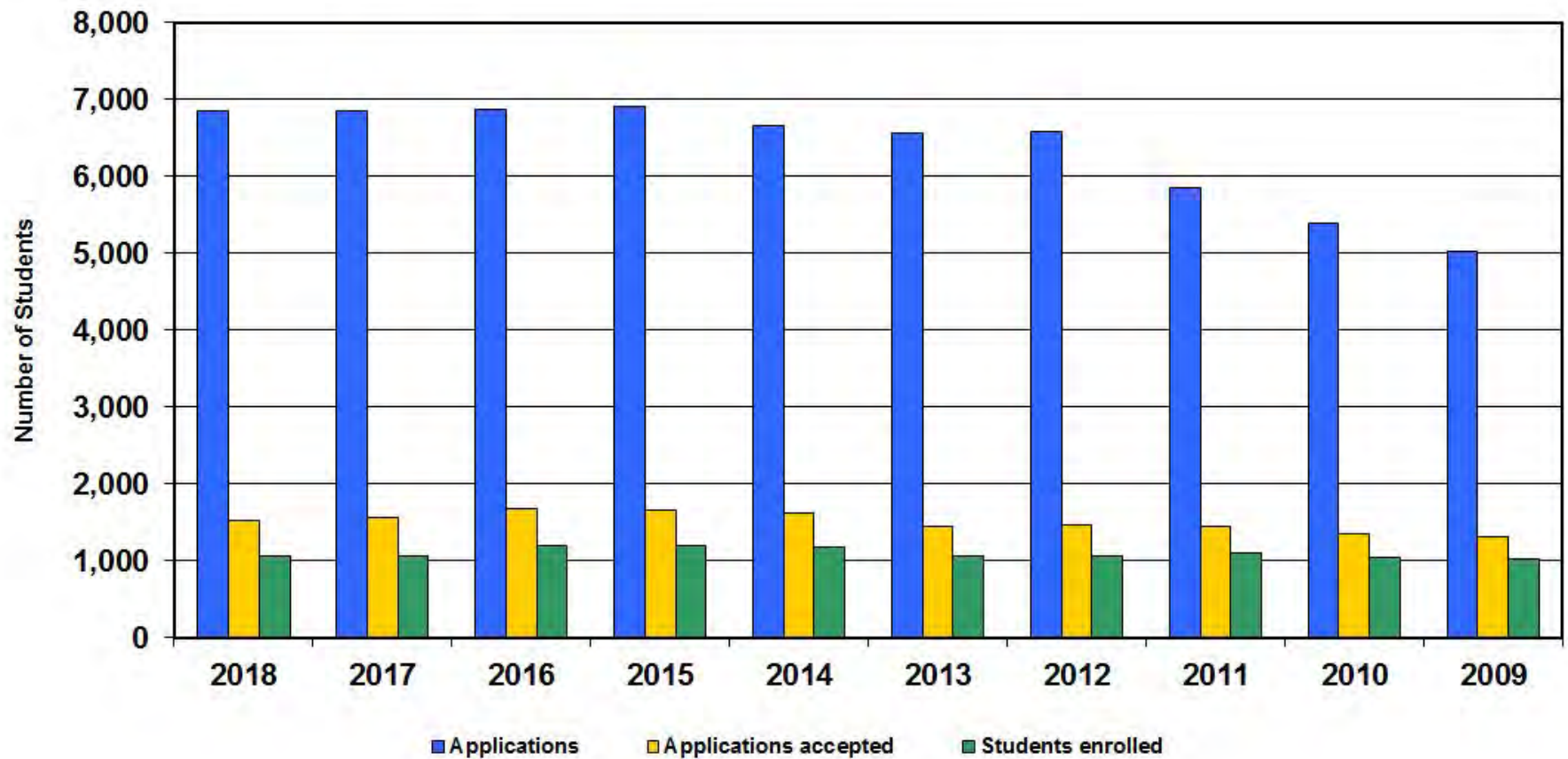
ADMISSIONS AND DEGREE STATISTICS – UNIVERSITY
LAST TEN ACADEMIC YEARS
FALL ENROLLMENTS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>ADMISSIONS</u>										
Applications	6,854	6,843	6,865	6,911	6,659	6,558	6,580	5,844	5,379	5,028
Applications accepted	1,526	1,570	1,668	1,667	1,618	1,441	1,457	1,445	1,358	1,307
Percentage of applications accepted	22.3%	22.9%	24.3%	24.1%	24.3%	22.0%	22.1%	24.7%	25.2%	26.0%
Students enrolled	1,066	1,070	1,191	1,205	1,171	1,059	1,071	1,110	1,034	1,020
Enrolled as a percentage of accepted	69.9%	68.2%	71.4%	72.3%	72.4%	73.5%	73.5%	76.8%	76.1%	78.0%
<u>DEGREES GRANTED</u>										
Bachelor	227	204	221	210	125	135	118	146	173	194
Master	294	300	284	280	301	298	300	251	277	292
First Professional	310	326	320	320	320	296	268	293	267	270
Doctoral	190	205	179	164	173	154	159	106	85	114
Total	1,021	1,035	1,004	974	919	883	845	796	802	870

Note: As of 2006, admissions figures include all applicants to The South Carolina College of Pharmacy.

Source: Medical University of South Carolina Office of Enrollment Services.

University Admissions



ANNUAL TUITION BY COLLEGE – UNIVERSITY
LAST TEN ACADEMIC YEARS

<u>RESIDENT</u>											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Undergraduate											
Health Professions	\$ 23,208	\$ 22,752	\$ 22,752	\$ 22,752	\$ 22,371	\$ 21,717	\$ 21,501	\$ 21,051	\$ 20,250	\$ 19,374	
Nursing	23,433	23,433	22,761	22,761	22,314	21,876	21,447	21,027	20,316	18,987	
Graduate											
Dental Medicine	47,415	47,415	47,415	46,450	45,062	43,749	42,474	40,452	38,162	36,345	
Graduate Studies	22,425	21,357	20,339	19,941	19,549	19,166	18,253	18,072	17,049	15,498	
Health Professions	24,371	24,089	24,108	23,729	23,274	23,201	23,061	21,243	20,899	21,289	
Medicine	38,896	33,988	33,388	33,388	33,388	33,388	33,388	33,388	31,204	29,438	
Nursing	24,348	24,348	24,348	24,348	24,348	23,871	23,175	23,175	22,065	21,015	
Pharmacy	25,104	26,045	25,290	24,554	23,863	23,120	22,446	21,794	20,757	19,411	
<u>NON-RESIDENT</u>											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Undergraduate											
Health Professions	\$ 35,469	\$ 34,773	\$ 34,773	\$ 34,773	\$ 34,191	\$ 33,195	\$ 32,865	\$ 32,415	\$ 30,870	\$ 35,726	
Nursing	35,010	33,990	33,000	33,000	33,000	33,000	36,450	35,736	33,399	33,399	
Graduate											
Dental Medicine	83,290	83,290	83,290	81,625	79,142	76,837	74,598	71,045	67,023	63,831	
Graduate Studies	29,843	29,843	29,371	29,257	28,684	28,122	26,782	26,517	25,017	22,741	
Health Professions	35,676	33,979	33,195	33,021	32,395	33,644	32,985	29,513	27,622	34,329	
Medicine	68,196	60,750	59,852	59,852	59,852	59,852	59,852	59,852	55,936	52,770	
Nursing	29,520	28,659	28,659	28,659	28,659	28,659	28,659	28,659	36,543	34,803	
Pharmacy	37,533	38,890	37,755	36,669	35,637	34,534	33,527	32,550	31,000	29,000	

- Notes:
- 1) Except for Medicine, the tuition calculation includes three semesters (Fall, Spring, and Summer) and does not include web-based programs.
 - 2) Effective 2009, Medicine discontinued its summer semester. For comparative purposes, all prior years for Medicine have been restated to reflect two semesters (Fall and Spring).
 - 3) Health Professions tuition calculation reflects an average of the individual programs.
 - 4) Graduate Studies tuition calculation includes Ph.D. students only.
 - 5) Pharmacy 2000-2007 reflects MUSC College of Pharmacy; 2008-2009 reflects South Carolina College of Pharmacy.

Source: Medical University of South Carolina Student Accounting Department.

OUTPATIENT VISITS BY SPECIALTY – UMA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Specialty							Total
	Medicine	Family Medicine	Obstetrics/ Gynecology	Pediatrics	Ophthalmology	Surgery	All Others	
2019	282,947 20.58%	31,956 2.32%	89,532 6.51%	154,817 11.26%	50,729 3.69%	58,677 4.27%	706,404 51.37%	1,375,062 100.00%
2018	253,684 19.41%	32,008 2.45%	83,517 6.39%	150,867 11.55%	49,829 3.81%	54,688 4.19%	682,077 52.20%	1,306,670 100.00%
2017	241,454 18.87%	30,590 2.39%	84,203 6.58%	149,926 11.71%	47,027 3.67%	53,722 4.20%	672,860 52.58%	1,279,782 100.00%
2016	198,858 15.40%	26,252 2.03%	78,924 6.11%	117,072 9.07%	42,295 3.28%	42,582 3.30%	785,398 60.82%	1,291,381 100.00%
2015	194,823 15.96%	25,001 2.05%	74,721 6.12%	101,421 8.31%	42,702 3.50%	43,985 3.60%	737,924 60.46%	1,220,577 100.00%
2014	367,597 33.02%	47,628 4.28%	90,729 8.15%	131,759 11.83%	39,276 3.53%	75,724 6.80%	360,655 32.39%	1,113,368 100.00%
2013	352,813 31.42%	59,031 5.26%	102,941 9.17%	117,390 10.45%	37,420 3.33%	73,014 6.50%	380,357 33.87%	1,122,966 100.00%
2012	369,079 32.01%	57,454 4.98%	108,943 9.45%	105,986 9.19%	42,624 3.70%	72,351 6.27%	396,644 34.40%	1,153,081 100.00%
2011	380,642 32.87%	84,686 7.31%	112,231 9.69%	106,711 9.22%	45,027 3.89%	74,519 6.44%	354,160 30.58%	1,157,976 100.00%
2010	416,066 36.21%	104,881 9.13%	106,773 9.29%	113,969 9.92%	45,280 3.94%	73,177 6.37%	288,975 25.14%	1,149,121 100.00%

Source: University Medical Associates Medical Records System.

SOURCES OF GROSS CLINICAL SERVICE CHARGES – UMA
LAST TEN FISCAL YEARS

<u>Source</u>	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Medicare	39%	38%	37%	36%	35%	35%	34%	32%	32%	32%
Medicaid	19%	20%	21%	22%	22%	24%	23%	21%	20%	19%
Blue Cross/Blue Shield	26%	26%	25%	23%	23%	23%	23%	25%	25%	25%
Commercial insurance	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%
All other (including Managed Care)	15%	15%	16%	18%	19%	17%	19%	21%	22%	22%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: University Medical Associates Medical Records System.

EMPLOYEE STATISTICS – UNIVERSITY
LAST TEN YEARS
(AS OF JANUARY 1)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Employees										
Permanent Full-time and Part-time Employees										
Full-time classified	1,571	1,648	1,641	1,654	1,595	1,572	1,575	1,553	1,527	1,489
Part-time classified	59	43	44	40	42	39	37	49	49	48
Full-time unclassified	1,358	1,245	1,280	1,285	1,244	1,242	1,235	1,214	1,174	1,146
Part-time unclassified	329	325	311	310	297	295	266	262	250	242
Total	3,317	3,261	3,276	3,289	3,178	3,148	3,113	3,078	3,000	2,925
Other Categories										
Residents	821	770	825	726	713	716	694	664	642	639
Pre/post doctoral fellows	117	129	132	149	134	133	138	161	143	160
Temporary	1,253	1,211	1,330	1,249	1,173	1,150	1,083	1,092	1,117	1,001
Dual employment-other agencies	17	15	13	15	—	12	10	10	4	10
Total	2,208	2,125	2,300	2,139	2,020	2,011	1,925	1,927	1,906	1,810
Total Employees	5,525	5,386	5,576	5,428	5,198	5,159	5,038	5,005	4,906	4,735

Source: Medical University of South Carolina Office of Human Resources Management.

EMPLOYEE STATISTICS – UMA
LAST TEN FISCAL YEARS

	Full-Time Equivalent Employees as of June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Departmental										
Full-time	565	505	457	444	421	414	447	420	419	389
Part-time	15	17	49	44	38	35	33	13	17	13
Temporary	29	31	27	30	61	37	23	10	8	8
Total Departmental	609	553	533	518	520	486	503	443	444	410
Corporate										
Full-time	325	325	318	332	329	330	336	333	327	325
Part-time	1	1	5	3	7	8	9	1	1	1
Temporary	—	1	2	—	3	1	1	55	2	3
Total Corporate	326	327	325	335	339	339	346	389	330	329
Ambulatory Care										
Full-time	21	21	22	16	22	22	8	12	15	13
Part-time	1	—	—	—	—	—	—	—	—	—
Temporary	—	—	—	—	—	—	—	—	—	—
Total Ambulatory Care	22	21	22	16	22	22	8	12	15	13
Total Employees	957	901	880	869	881	847	857	844	789	752
Vacant Positions	111	134	108	183	167	180	130	177	95	122
Total Authorized Positions	1,068	1,035	988	1,052	1,048	1,027	987	1,021	884	874

Notes: Excludes physician members.

Source: University Medical Associates Human Resources.

SCHEDULE OF CAPITAL ASSET INFORMATION – UNIVERSITY
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Academic buildings										
Net assignable square feet (in thousands)	2,458	2,732	2,846	2,825	2,830	2,863	2,779	2,999	2,722	2,611
Administrative and support buildings										
Net assignable square feet (in thousands)	376	371	444	427	429	432	395	421	371	315
Laboratories										
Net assignable square feet (in thousands)	390	407	407	409	417	402	385	402	359	620
Athletic Facilities										
Fitness center	1	1	1	1	1	1	1	1	1	1
Gymnasium	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Squash courts	2	2	2	2	2	2	2	2	2	1
Indoor racquetball court	3	4	4	4	4	4	4	4	4	4
Outdoor racquetball court	—	3	3	3	3	3	3	3	3	3
Tennis court	2	4	4	4	4	4	4	4	4	4
Basketball court	1	—	—	—	—	—	—	—	—	—
Pickleball court	4	—	—	—	—	—	—	—	—	—
Multi-Purpose Astroturf functional training court	1	—	—	—	—	—	—	—	—	—
Transportation:										
Airplane	—	—	—	—	—	—	—	—	—	1
Buses	18	18	17	16	12	12	12	12	12	12
Mobile health units	1	1	1	1	5	5	5	5	5	5
Mobile Shredder- Freightliner Truck	1	1								
Other vehicles	73	63	62	69	75	57	82	79	73	82

Source: Medical University of South Carolina Planning office & Medical University of South Carolina Property Control office.

DEMOGRAPHIC STATISTICS
STATE OF SOUTH CAROLINA
LAST TEN FISCAL YEARS

	Population as of July 1 (a)	Total Personal Income (1) (b)	Per Capita Income	Average Annual Unemployment Rate (c)
2018	5,084,127	\$217,276	\$42,736	3.4%
2017	5,024,369	203,088	40,421	4.3%
2016	4,961,119	195,791	39,465	4.9%
2015	4,893,991	186,286	38,041	5.9%
2014	4,832,482	178,485	36,934	6.4%
2013	4,774,839	171,088	35,831	7.8%
2012	4,723,723	165,595	35,056	9.4%
2011	4,673,348	159,745	34,182	10.3%
2010	4,635,835	151,536	32,688	11.2%
2009	4,561,242	148,601	32,579	11.7%

Note (1): Amounts expressed in millions.

Source: (a) U. S. Census Bureau; (b) U. S. Department of Commerce, Bureau of Economic Analysis; (c) U. S. Department of Labor, Bureau of Labor Statistics

TEN LARGEST EMPLOYERS
STATE OF SOUTH CAROLINA
LATEST COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR
(listed alphabetically)

2018	2009
BMW Manufacturing Corporation	Bi-Lo, Inc.
Lowes Home Centers, Inc.	Blue Cross/Blue Shield of South Carolina
Michelin North America, Inc.	Greenville County School District
Palmetto Health Alliance, Inc.	Michelin Tire Company
School District of Greenville County	Springs Industries, Inc.
University of South Carolina	U. S. Department of Defense
Upstate Affiliate Organization	U. S. Postal Service
U. S. Department of Defense	University of South Carolina
U. S. Postal Service	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Washington Savannah River Company

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Employment Security Commission.